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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

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

For the transition period from _____ to _____

Commission file number: 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.
(Exact name of registrant as specified in its charter)

DELAWARE	76-0582150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

500 DALLAS STREET
HOUSTON, TEXAS 77002
(Address of principal executive offices)
(Zip Code)

(713) 654-1414
(Registrant's telephone number, including area code)

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

At May 12, 1999, there were outstanding 20,059,239 Common Units and 10,029,619 Subordinated Units.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	March 31, 1999 (unaudited)	December 31, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 683	$ 5,503
Accounts receivable	156,159	119,514
Due from affiliates	4,757	3,022
Inventory	24,564	37,711
Prepaid expenses and other	852	1,101
Total current assets	187,015	166,851
PROPERTY AND EQUIPMENT		
Crude oil pipeline, gathering and terminal assets	380,956	378,254
Other property and equipment	671	581
	381,627	378,835
Less allowance for depreciation and amortization	(3,177)	(799)
	378,450	378,036
OTHER ASSETS		
Pipeline linefill	57,001	54,511
Other	10,846	10,810
	$633,312	$610,208
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	$151,385	$135,713
Interest payable	1,356	1,267
Due to affiliates	12,285	10,790
Notes payable	4,100	9,750
Total current liabilities	169,126	157,520
LONG-TERM LIABILITIES		
Bank debt	181,000	175,000
Other	155	45
Total liabilities	350,281	332,565
PARTNERS' CAPITAL		
Common unitholders (20,059,239 units outstanding)	260,518	256,997
Subordinated unitholders (10,029,619 units outstanding)	21,214	19,454
General partner	1,299	1,192
	283,031	277,643
	$633,312	$610,208

See notes to consolidated and combined financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
(unaudited) (in thousands, except per unit data)

	Three Months Ended March 31,	
	1999	1998
		(Predecessor)
REVENUES	$ 455,760	$ 167,461
COST OF SALES AND OPERATIONS	435,932	163,457
Gross Margin	19,828	4,004
EXPENSES		
General and administrative	2,178	986
Depreciation and amortization	2,831	303
Total expenses	5,009	1,289
Operating income	14,819	2,715
Interest expense	3,193	149
Related party interest expense	-	750
Other expense	410	-
Interest and other income	(97)	(177)
Net income before provision in lieu of income taxes	11,313	1,993
Provision in lieu of income taxes	-	753
NET INCOME	11,313	1,240
BASIC AND DILUTED NET INCOME PER LIMITED PARTNER UNIT	$ 0.37	$ 0.07
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	30,088,858	17,003,858

See notes to consolidated and combined financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(unaudited) (in thousands)

	Three Months Ended March 31,	
	1999	1998
		(Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 11,313	$ 1,240
Items not affecting cash flows from operating activities:		
Depreciation and amortization	2,831	303
Change in payable in lieu of deferred taxes	-	651
Other non cash items	110	-
Change in assets and liabilities:		
Accounts receivable	(36,645)	27,605
Inventory	13,147	501
Prepaid expenses and other	249	36
Accounts payable and other current liabilities	15,672	(19,136)
Interest payable	89	(48)
Pipeline linefill	(2,490)	-
Net cash provided by operating activities	4,276	11,152
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,791)	(157)
Disposals of property and equipment	-	9
Additions to other assets	(647)	-
Net cash used in investing activities	(3,438)	(148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (payments to) affiliates	(82)	6,396
Proceeds from long-term debt	14,100	-
Proceeds from short-term debt	4,250	750
Principal payments of long-term debt	(8,100)	-
Principal payments of short-term debt	(9,900)	(18,000)
Capital contribution from parent	-	28,700
Distribution to unitholders	(5,926)	-
Net cash (used in) provided by financing activities	(5,658)	17,846
Net increase (decrease) in cash and cash equivalents	(4,820)	28,850
Cash and cash equivalents, beginning of period	5,503	2
Cash and cash equivalents, end of period	$ 683	$ 28,852

See notes to consolidated and combined financial statements.

NOTE 1 -- ORGANIZATION AND ACCOUNTING POLICIES

Plains All American Pipeline, L.P. (the "Partnership") is a Delaware limited partnership formed in the third quarter of 1998, to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. ("Plains Resources") and its wholly owned subsidiaries (the "Plains Midstream Subsidiaries" or the "Predecessor"). On November 23, 1998, the Partnership completed the initial public offering ("IPO") and the transactions whereby the Partnership became the successor to the business of the Predecessor. The operations of the Partnership are conducted through Plains Marketing, L.P. and All American Pipeline, L.P. Plains All American Inc., a wholly owned subsidiary of Plains Resources, is the general partner ("General Partner") of the Partnership. The Partnership is engaged in interstate and intrastate crude oil pipeline transportation and crude oil terminalling and storage activities and gathering and marketing activities. The Partnership's operations are primarily conducted in California, Texas, Oklahoma, Louisiana and the Gulf of Mexico.

The accompanying financial statements and related notes present the consolidated financial position as of March 31, 1999, of the Partnership and the results of its operations and cash flows for the three months ended March 31, 1999. The combined financial statements of the Predecessor include the accounts of the Plains Midstream Subsidiaries. All significant intercompany transactions have been eliminated.

The accompanying unaudited financial statements have been prepared in accordance with the instructions for interim financial reporting as prescribed by the Securities and Exchange Commission ("SEC"). For further information, refer to the consolidated and combined financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 1998, filed with the SEC. All material adjustments consisting only of normal recurring adjustments which, in the opinion of management, were necessary for a fair statement of the results for the interim periods, have been reflected. Certain reclassifications have been made to the prior year statements to conform with the current year presentation.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 is effective for fiscal years beginning after June 15, 1999. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it Is, the type of hedge transaction. For fair value hedge transactions in which the Partnership is hedging changes in an asset's, liability's, or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash flow hedge transactions, in which the Partnership is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item. The Partnership is required to adopt this statement beginning in 2000. The Partnership has not yet determined the effect that the adoption of SFAS 133 will have on its financial position or results of operations.

NOTE 2 -- ACQUISITIONS

On May 12, 1999, Plains Scurlock Permian, L.P. ("Plains Scurlock"), a newly formed limited partnership of which Plains All American Inc. is general partner and Plains Marketing, L.P. is the limited partner, completed the acquisition of Scurlock Permian LLC and certain other pipeline assets from Marathon Ashland Petroleum LLC (the "Scurlock Acquisition"). Including working capital adjustments and associated closing and financing costs, the cash purchase price paid at closing was approximately $146 million.

Scurlock Permian LLC, a wholly owned subsidiary of Marathon Ashland Petroleum LLC, is engaged in crude oil transportation, trading and marketing, operating in 14 states with more than 2,400 miles of active pipelines, numerous storage terminals and a fleet of more than 225 trucks. Its largest asset is an 800-mile pipeline and gathering system located in the Spraberry Trend in West Texas that extends into Andrews, Glasscock, Martin, Midland, Regan and Upton Counties, Texas. The assets acquired also include approximately 2.4 million barrels of crude oil used for working inventory.

Financing for the Scurlock Acquisition was provided through (i) Plains Scurlock's limited recourse bank facility with BankBoston, N.A. (the "Plains Scurlock Credit Facility"), (ii) the sale to the General Partner of 1.3 million Class B Common Units of the Partnership at $19.125 per unit, the price equal to the market value of the Partnership's common units and (ii) a $25 million draw under its existing revolving credit agreement. The Plains Scurlock Credit Facility consists of (i) a five year $130 million term loan and (ii) a three year $35 million revolving credit facility.

The Plains Scurlock Credit Facility is nonrecourse to the Partnership, Plains Marketing, L.P. and All American Pipeline, L.P. and is secured by the assets acquired. Borrowings under the term loan bear interest at LIBOR plus 3% and under the revolving credit facility at LIBOR plus 2.75%. A commitment fee equal to one-half of one percent per year is charged on the unused portion of the revolving credit facility. The term loan matures in May 2004 and the revolving credit facility matures in May 2002. No principal payment is scheduled for amortization prior to maturity.

In April 1999, the Partnership signed a definitive agreement to acquire a West Texas crude oil pipeline and gathering system from Chevron Pipe Line Company for approximately $40 million (the "Chevron Asset Acquisition"). Principal assets to be acquired include approximately 400 miles of crude oil transmission lines, associated gathering and lateral lines and three million barrels of crude oil storage and terminalling capacity in Crane, Ector, Midland, Upton, Ward and Winkler Counties, Texas. Closing of the transaction is subject to regulatory review and approval, consents from third parties, and customary due diligence. Subject to satisfaction of the foregoing conditions, the transaction is expected to close early in the third quarter of 1999. It is anticipated that the Chevron Asset Acquisition will be made by Plains Scurlock, with financing provided by the Plains Scurlock Credit Facility.

Chevron will continue transporting crude oil through the pipeline under a contractual arrangement. The Partnership will also enter into a five-year contractual arrangement to sell up to 30,000 barrels of crude oil per day at market prices to another Chevron entity. Such arrangement may be extended by Chevron for up to five additional years. The system is currently moving an aggregate of approximately 98,000 barrels of crude oil per day under various gathering and transportation arrangements.

On July 30, 1998, the Predecessor acquired all of the outstanding capital stock of the All American Pipeline Company, Celeron Gathering Corporation and Celeron Trading & Transportation Company (collectively the "Celeron Companies") from Wingfoot, a wholly owned subsidiary of Goodyear, for approximately $400 million, including transaction costs. The principal assets of the entities acquired include the All American Pipeline and the SJV Gathering System, as well as other assets related to such operations. The acquisition was accounted for utilizing the purchase method of accounting with the assets, liabilities and results of operations included in the combined financial statements of the Predecessor effective July 30, 1998. The following unaudited pro forma information is presented to show the Predecessor's pro forma revenues and net income had the acquisition been consummated on January 1, 1998.

	Three Months Ended March 31, 1998 (in thousands)
Revenues	$359,389
Net income	$ 6,565
Basic and diluted net income per limited partner unit	$ 0.38

NOTE 3 -- OPERATING SEGMENTS

The Partnership's operations consist of two operating segments: (1) Pipeline Operations engages in interstate and intrastate crude oil pipeline transportation and related gathering and marketing activities; (2) Marketing, Gathering, Terminalling and Storage Operations engages in crude oil terminalling, storage, gathering and marketing activities other than related to Pipeline Operations. Prior to the July 1998 acquisition of the All American Pipeline and SJV Gathering System, the

Predecessor had only marketing, gathering, terminalling and storage operations. The Partnership evaluates segment performance based on gross margin, gross profit and income before income taxes and extraordinary items.

The following summarizes segment revenues, gross margin, gross profit and income before income taxes and extraordinary items.

(In thousands)	Pipeline	Marketing, Gathering, Terminalling & Storage	Total
THREE MONTHS ENDED MARCH 31, 1999			
Revenues:			
External Customers	$154,487	$301,273	$455,760
Intersegment (a)	15,305	55	15,360
Other	66	31	97
Total revenues of reportable segments	$169,858	$301,359	$471,217
Segment gross margin (b)	$ 12,019	$ 7,809	$ 19,828
Segment gross profit (c)	$ 11,224	$ 6,426	$ 17,650
Income before income taxes and extraordinary items	$ 5,474	$ 5,839	$ 11,313

(a) Intersegment sales were conducted on an arm's-length basis.
(b) Gross margin is calculated as revenues less cost of sales and operations.
(c) Gross profit is calculated as revenues less cost of sales and operations and general and administrative expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

The Partnership is a limited partnership formed in the third quarter of 1998, to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. ("Plains Resources") and its wholly owned subsidiaries (the "Plains Midstream Subsidiaries" or the "Predecessor"). The Partnership is engaged in interstate and intrastate crude oil pipeline transportation and crude oil terminalling and storage activities and gathering and marketing activities. The Partnership's operations are conducted primarily in California, Texas, Oklahoma, Louisiana and the Gulf of Mexico.

The Partnership owns and operates a 1,233-mile seasonally heated, 30-inch, common carrier crude oil pipeline extending from California to West Texas (the "All American Pipeline") and a 45-mile, 16-inch, crude oil gathering system in the San Joaquin Valley of California (the "SJV Gathering System"), both of which the Predecessor purchased from Wingfoot Ventures Seven, Inc. ("Wingfoot"), a wholly owned subsidiary of The Goodyear Tire & Rubber Company ("Goodyear") in July 1998 for approximately $400 million (the "Acquisition"). Prior to the Acquisition, the Predecessor had only terminalling and storage and gathering and marketing activities. The Partnership also owns and operates a three million barrel, above-ground crude oil terminalling and storage facility in Cushing, Oklahoma, (the "Cushing Terminal").

RESULTS OF OPERATIONS

The following table sets forth certain financial and operating information of the Partnership and the Predecessor for the periods presented (unaudited) (in thousands):

	Three Months Ended March 31,		
	1999	1998 (pro forma)	1998 (Predecessor)
Operating Results:			
Revenues	$455,760	$359,835	$167,461
Gross margin:			
Pipeline	$ 12,019	$ 17,758	$ -
Terminalling and storage and gathering and marketing	7,809	4,450	4,004
Total	19,828	22,208	4,004
General and administrative expense	(2,178)	(1,521)	(986)
Gross profit	$17,650	$20,687	$3,018
Net Income	$11,313	$14,881	$1,240
Average Daily Volumes (barrels):			
Pipeline tariff activities	126	146	-
Pipeline margin activities	47	50	-
Total	173	196	-
Lease gathering	121	106	81
Bulk purchases	94	95	95
Terminal throughput	75	66	66

Historical Results of Operations for the Three Months Ended March 31, 1999 (Partnership) and the Three Months Ended March 31, 1998 (Predecessor)

On November 23, 1998, the Partnership completed the initial public offering ("IPO") and the transactions whereby the Partnership became the successor to the business of the Predecessor. The historical results of operations discussed below are derived from the historical financial statements of the Partnership for the three months ended March 31, 1999, and the combined financial statements of the Predecessor for the three months ended March 31, 1998. The results of operations of the Predecessor for the three months ended March 31, 1998, do not include the results of operations of the All American Pipeline and the SJV

Gathering System which were acquired from Goodyear in July 1998.

Pro Forma Results of Operations for the Three Months Ended March 31, 1998

The pro forma results of operations discussed below are derived from the historical financial statements of Wingfoot (which reflect the historical operating results of the All American Pipeline and the SJV Gathering System) and the Predecessor. The pro forma results of operations reflect certain pro forma adjustments to the historical results of operations as if the Partnership had been formed and the acquisition of the All American Pipeline and the SJV Gathering System had taken place on January 1, 1998. The pro forma adjustments include: (i) pro forma depreciation and amortization expense based on the purchase price of the Wingfoot assets by the Predecessor; (ii) the elimination of interest expense on loans from Goodyear to Wingfoot as all such debt was extinguished in connection with the Acquisition, (iii) the reduction in compensation and benefits expense due to the termination of personnel in connection with the Acquisition; (iv) the elimination of interest expense of the Predecessor related to debt owed to Plains Resources as such debt was extinguished in connection with the IPO; (v) pro forma interest on debt assumed by the Partnership on the closing date of the IPO and (vi) the elimination of income tax expense as income taxes will be borne by the partners and not the Partnership. The pro forma adjustments do not include additional general and administrative expenses that the General Partner believes will be incurred by the Partnership as a result of its being a separate public entity.

Three month periods ended March 31, 1999 and 1998

For the three months ended March 31, 1999, the Partnership reported net income of $11.3 million on total revenue of $455.8 million. This compares to pro forma net income of $14.9 million on total revenues of $359.8 million and Predecessor net income of $1.2 million on total revenues of $167.5 million for the 1998 first quarter.

Pipeline Operations. Gross margin from pipeline activities was $12.0 million for the first quarter of 1999, compared to $17.8 million for the comparative period of 1998 on a pro forma basis. Tariff revenues were $13.1 million for the three months ended March 31, 1999, a 28% decline from the $17.4 million reported for the same period of 1998 on a pro forma basis. The decrease in tariff revenues resulted primarily from a 14% decrease in tariff transport volumes from 146,000 barrels per day for the three months ended March 31, 1998, to 126,000 barrels per day for the same period in 1999 due to a decline in average daily production from the Santa Ynez field and the Point Arguello field. Volumes related to margin activities decreased 6% to an average of approximately 47,000 barrels per day. The margin between revenue and direct cost of crude purchased decreased from $7.4 million for the three months ended March 31, 1998, to $5.0 million for the same period of 1999 as a result of a decline in margins between prices paid in California and prices received in West Texas. Operations and maintenance expenses were $3.0 million for the first quarter of 1999 compared to $3.5 million for the same period of 1998. As noted above, the Predecessor results for the first quarter of 1998 do not include the results of operations of the All American Pipeline and the SJV Gathering System which were acquired effective July 30, 1998.

The following table sets forth the All American Pipeline average deliveries per day within and outside California.

	Three Months Ended March 31,		
	1999	1998 (pro forma)	1998 (Predecessor)
		(in thousands)	
DELIVERIES:			
AVERAGE DAILY VOLUMES (BARRELS):			
Within California	112	122	-
Outside California	61	74	-
Total	173	196	-

Terminalling and Storage Activities and Gathering and Marketing Activities. Gross margin from terminalling and storage and gathering and marketing activities was $7.8 million for the quarter ended March 31, 1999, reflecting a 75% increase over the $4.5 million reported for the 1998 period on a pro forma basis and an approximate 95% increase over the $4.0 million reported by the

Predecessor for the first quarter of 1998. Net of interest expense associated with contango inventory transactions, gross margin for the first quarter of 1999 was $7.6 million, representing an increase of approximately 78% over the 1998 first quarter pro forma amount, likewise net of contango interest. The increase in gross margin was primarily attributable to an increase in the volumes gathered and marketed in West Texas, Louisiana and the Gulf of Mexico and activities at the Cushing Terminal.

General and administrative expenses were $2.2 million for the three months ended March 31, 1999, compared to $1.5 million and $1.0 million for the first quarter of 1998 on a pro forma basis and for the Predecessor, respectively. The increase in 1999 as compared to the 1998 pro forma amount is due to expenses related to the operation of the Partnership as a public entity (approximately $300,000) and to increased personnel as a result of the continued expansion of the Partnership's terminalling and storage activities and gathering and marketing activities. These increases, in addition to G&A associated with the acquisition of the All American Pipeline and the SJV Gathering System account for the increase in G&A from 1998 first quarter Predecessor amount.

Depreciation and amortization was $2.8 million for the three months ended March 31, 1999, and the three months ended March 31, 1998, on a pro forma basis. Depreciation and amortization was $0.3 million in the first quarter of 1998 for the Predecessor. The increase in depreciation and amortization from the Predecessor amount is due to the acquisition of the All American Pipeline and the SJV Gathering System in July 1998.

In March 1999, the Partnership adopted a plan to reduce staff in its pipeline operations and to relocate certain functions. The Partnership incurred a charge to first quarter earnings of approximately $410,000 in connection with such plan. Such amount is reflected as other expense in the accompanying consolidated income statement for the quarter ended March 31, 1999.

Interest expense was $3.2 million for the first quarter of 1999 and the first quarter of 1998 on a pro forma basis. The Predecessor reported interest expense of approximately $0.9 million for the first quarter of 1998. The increase in interest expense from the Predecessor level is due to interest associated with the debt incurred for the acquisition of the All American Pipeline and the SJV Gathering System. During the first quarter of 1999, the Partnership capitalized interest of approximately $63,000 related to the expansion of the Cushing Terminal. Interest expense related to contango market inventory transactions was $164,000 and $149,000 for the first quarter of 1999 and 1998 (pro forma and historical for the Predecessor), respectively.

CAPITAL RESOURCES, LIQUIDITY AND FINANCIAL CONDITION

Acquisitions

On May 12, 1999, Plains Scurlock Permian, L.P. ("Plains Scurlock"), a newly formed limited partnership of which Plains All American Inc. is general partner and Plains Marketing, L.P. is the limited partner, completed the acquisition of Scurlock Permian LLC and certain other pipeline assets from Marathon Ashland Petroleum LLC (the "Scurlock Acquisition"). Including working capital adjustments and associated closing and financing costs, the cash purchase price paid at closing was approximately $146 million.

Scurlock Permian LLC, a wholly owned subsidiary of Marathon Ashland Petroleum LLC, is engaged in crude oil transportation, trading and marketing, operating in 14 states with more than 2,400 miles of active pipelines, numerous storage terminals and a fleet of more than 225 trucks. Its largest asset is an 800-mile pipeline and gathering system located in the Spraberry Trend in West Texas that extends into Andrews, Glasscock, Martin, Midland, Regan and Upton Counties, Texas. The assets acquired also include approximately 2.4 million barrels of crude oil used for working inventory.

Financing for the Scurlock Acquisition was provided through (i) Plains Scurlock's limited recourse bank facility with BankBoston, N.A. (the "Plains Scurlock Credit Facility"), (ii) the sale to the General Partner of 1.3 million Class B Common Units of the Partnership at $19.125 per unit, the price equal to the market value of the Partnership's common units and (ii) a $25 million draw under its existing revolving credit agreement. The Plains Scurlock Credit Facility consists of (i) a five year $130 million term loan and (ii) a three year $35 million revolving credit facility.

The Plains Scurlock Credit Facility is nonrecourse to the Partnership, Plains Marketing, L.P. and All American Pipeline, L.P. and is secured by the assets acquired. Borrowings under the term loan bear interest at LIBOR plus 3% and under the revolving credit facility at LIBOR plus 2.75%. A commitment fee equal to one-half of one percent per year is charged on the unused portion of the revolving credit facility. The term loan matures in May 2004 and the revolving credit facility matures in May 2002. No principal payment is scheduled for amortization prior to maturity.

In April 1999, the Partnership signed a definitive agreement to acquire a West Texas crude oil pipeline and gathering system from Chevron Pipe Line Company for approximately $40 million (the "Chevron Asset Acquisition"). Principal assets to be acquired include approximately 400 miles of crude oil transmission lines,

associated gathering and lateral lines and three million barrels of crude oil storage and terminalling capacity in Crane, Ector, Midland, Upton, Ward and Winkler Counties,

Texas. Closing of the transaction is subject to regulatory review and approval, consents from third parties, and customary due diligence. Subject to satisfaction of the foregoing conditions, the transaction is expected to close early in the third quarter of 1999. It is anticipated that the Chevron Asset Acquisition will be made by Plains Scurlock, with financing provided by the Plains Scurlock Credit Facility.

Chevron will continue transporting crude oil through the pipeline under a contractual arrangement. The Partnership will also enter into a five-year contractual arrangement to sell up to 30,000 barrels of crude oil per day at market prices to another Chevron entity. Such arrangement may be extended by Chevron for up to five additional years. The system is currently moving an aggregate of approximately 98,000 barrels of crude oil per day under various gathering and transportation arrangements.

Credit Agreements

Concurrently with the closing of the IPO, the Partnership entered into a $225 million bank credit agreement (the "Bank Credit Agreement") that includes a $175 million term loan facility (the "Term Loan Facility") and a $50 million revolving credit facility (the "Revolving Credit Facility"). The Partnership may borrow up to $50 million under the Revolving Credit Facility for acquisitions, capital improvements, working capital and general business purposes. At March 31, 1999, the Partnership had $175 million outstanding under the Term Loan Facility, representing indebtedness assumed from the General Partner and $6 million outstanding under the Revolving Credit Facility. The Term Loan Facility matures in 2005, and no principal is scheduled for payment prior to maturity. The Term Loan Facility may be prepaid at any time without penalty. The Revolving Credit Facility expires in November 2000.

The Partnership has a $175 million letter of credit and borrowing facility (the "Letter of Credit Facility"), the purpose of which is to provide (i) standby letters of credit to support the purchase and exchange of crude oil for resale and (ii) borrowings to finance crude oil inventory which has been hedged against future price risk or designated as working inventory. Aggregate availability under the Letter of Credit Facility for direct borrowings and letters of credit is limited to a borrowing base which is determined monthly based on certain current assets and current liabilities of the Partnership, primarily crude oil inventory and accounts receivable and accounts payable related to the purchase and sale of crude oil. At March 31, 1999, the borrowing base under the Letter of Credit Facility was $175 million. The Letter of Credit Facility has a $40 million sublimit for borrowings to finance crude oil purchased in connection with operations at the Partnership's crude oil terminal and storage facilities. At March 31, 1999, there were letters of credit of approximately $73 million and borrowings of $4.1 million outstanding under the Letter of Credit Facility.

Partnership Distributions

The Partnership will distribute 100% of its Available Cash within 45 days after the end of each quarter to Unitholders of record and to the General partner. Available Cash is generally defined as all cash and cash equivalents of the Partnership on hand at the end of each quarter less reserves established by the General partner for future requirements. Distributions of Available Cash to holders of Subordinated units are subject to the prior rights of holders of Common Units to receive the minimum quarterly distribution ("MQD") for each quarter during the Subordination Period (which will not end earlier than December 31, 2003) and to receive any arrearages in the distribution of the MQD on the Common Units for the prior quarters during the Subordination Period. The MQD is $0.45 per unit ($1.80 per unit on an annual basis). Upon expiration of the Subordination Period, all Subordinated Units will be converted on a one-for-one basis into Common Units and will participate pro rata with all other Common Units in future distributions of Available Cash. Under certain circumstances, up to 50% of the Subordinated Units may convert into Common Units prior to the expiration of the Subordination Period. Common Units will not accrue arrearages with respect to distributions for any quarter after the Subordination Period and Subordinated Units will not accrue any arrearages with respect to distributions for any quarter.

If quarterly distributions of Available Cash exceed the MQD or the Target Distribution Levels (as defined), the General Partner will receive distributions which are generally equal to 15%, then 25% and then 50% of the distributions of Available Cash that exceed the MQD or Target Distribution Level. The Target Distribution Levels are based on the amounts of Available Cash from the Partnership's Operating Surplus (as defined) distributed with respect to a given quarter that exceed distributions made with respect to the MQD and Common Unit arrearages, if any.

On February 12, 1999, the Partnership paid a cash distribution of $0.193 per

unit on its outstanding Common Units and Subordinated Units. The $5.8 million distribution was paid to Unitholders of record at the close of business on January 29, 1999. A distribution of approximately $118,000 was paid to the General Partner. The distributions represented a partial quarterly distribution for the 39-day period from November 23, 1998, the closing of the IPO, through December 31, 1998.

On April 19, 1999, the Partnership declared a cash distribution of $0.45 per unit on its outstanding Common Units and Subordinated Units. This distribution is the first full quarterly distribution since the Partnership was formed. The distribution is payable on May 14, 1999, to holders of record of Common Units and Subordinated Units at the close of business on May 3, 1999.

Investing and Financing Activities

Net cash flows used in investing activities were $3.4 million and $0.1 million for the three months ended March 31, 1999 and 1998, respectively. Investing activities include payments for expansion capital of $2.6 million and maintenance capital of $0.2 million for the three months ended March 31, 1999. Approximately $2.4 million related to the expansion of the Cushing Terminal is included in 1999 payments. Payments for maintenance capital were $0.2 million for the three months ended March 31, 1998. Maintenance capital expenditures are capital expenditures made to replace partially or fully depreciated assets to maintain the existing operating capacity of existing assets or extend their useful lives. Capital expenditures made to expand capacity, whether through construction or acquisition, are not considered maintenance capital expenditures. Repair and maintenance expenditures associated with existing assets that do not extend the useful life or expand the operating capacity are charged to expense as incurred.

Net cash flows used in financing activities were $5.7 million for the three months ended March 31, 1999. Net cash provided by financing activities amounted to $17.8 million for the three months ended March 31, 1998. Financing activities include approximately $4.3 million and $0.8 million in short-term borrowings for the three months ended March 31, 1999 and 1998, respectively, and approximately $9.9 million and $18 million of repayments for the respective periods, related to contango crude oil inventory transactions at the Cushing Terminal. Proceeds and repayments under the Revolving Credit Facility were $14.1 million and $8.1 million, respectively, for the three months ended March 31, 1999.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 is effective for fiscal years beginning after June 15, 1999. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it Is, the type of hedge transaction. For fair value hedge transactions in which the Partnership is hedging changes in an asset's, liability's, or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash flow hedge transactions, in which the Partnership is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item. The Partnership is required to adopt this statement beginning in 2000. The Partnership has not yet determined the effect that the adoption of SFAS 133 will have on its financial position or results of operations.

Year 2000

Year 2000 Issue. Some software applications, hardware and equipment and embedded chip systems identify dates using only the last two digits of the year. These products may be unable to distinguish between dates in the Year 2000 and dates in the year 1900. That inability (referred to as the "Year 2000" issue), if not addressed, could cause applications, equipment or systems to fail or provide incorrect information after December 31, 1999, or when using dates after December 31, 1999. This in turn could have an adverse effect on the Partnership, because the Partnership directly depends on its own applications, equipment and systems and indirectly depends on those of other entities with which the Partnership must interact.

Compliance Program. In order to address the Year 2000 issues, the Partnership is participating in the Year 2000 project which Plains Resources has implemented for all of its business units. A project team has been established to coordinate the six phases of this Year 2000 project to assure that key automated systems and related processes will remain functional through Year 2000. Those phases include: (i) awareness, (ii) assessment, (iii) remediation, (iv) testing, (v) implementation of the necessary modifications and (vi) contingency planning. The key automated systems consist of (a) financial systems applications, (b)

hardware and equipment, (c) embedded chip systems and (d) third-party developed software. The evaluation of the Year 2000 issue includes the evaluation of the Year 2000 exposure of third parties material to the operations of the Partnership or any of its business units. Plains Resources retained a Year 2000 consulting firm to review the operations of all

of its business units and to assess the impact of the Year 2000 issue on such operations. Such review has been completed and the consultant's recommendations are being utilized in the Year 2000 project.

The Partnership's State of Readiness. The awareness phase of the Year 2000 project has begun with a company-wide awareness program which will continue to be updated throughout the life of the project. The portion of the assessment phase related to financial systems applications has been completed and the necessary modifications and conversions are underway. The portion of the assessment phase which will determine the nature and impact of the Year 2000 issue for hardware and equipment, embedded chip systems, and third-party developed software is substantially complete. The Partnership has retained a Year 2000 consulting firm which is currently identifying and evaluating field equipment which has embedded chip systems. The assessment phase of the project involves, among other things, efforts to obtain representations and assurances from third parties, including third party vendors, that their hardware and equipment, embedded chip systems, and software being used by or impacting the Partnership or any of its business units are or will be modified to be Year 2000 compliant. To date, the responses from such third parties are inconclusive. As a result, management cannot predict the potential consequences if these or other third parties are not Year 2000 compliant. The exposure associated with the Partnership's interaction with third parties is currently being evaluated. Management expects that the remediation, testing and implementation phases will be substantially completed within the third quarter of 1999.

Contingency Planning. As part of the Year 2000 project, the Partnership will seek to determine which of its business activities may be vulnerable to a Year 2000 disruption. Appropriate contingency plans will then be developed for each "at risk" business activity to provide an alternative means of functioning which minimizes the effect of the potential Year 2000 disruption, both internally and on those with whom it does business. Such contingency plans are expected to be completed by the fourth quarter of 1999.

Costs to Address Year 2000 Compliance Issues. Through March 31, 1999, the Partnership has borne approximately $320,000 as its share of expenses for the Year 2000 project. While the total cost to the Partnership of the Year 2000 project is still being evaluated, management currently estimates that the costs to be incurred in 1999 and 2000 associated with assessing, testing, modifying or replacing financial system applications, hardware and equipment, embedded chip systems and third party developed software is between $350,000 and $450,000. The Partnership expects to fund these expenditures with cash from operations or borrowings. Based upon these estimates, the Partnership does not expect the costs of its Year 2000 project to have a material adverse effect on its financial position, results of operation or cash flows.

Risk of Non-Compliance. The major applications that pose the greatest Year 2000 risks for the Partnership if implementation of the Year 2000 compliance program is not successful are the Partnership's financial systems applications and the Partnership's SCADA computer systems and embedded chip systems in field equipment. The potential problems if the Year 2000 compliance program is not successful are disruptions of the Partnership's revenue gathering from and distribution to its customers and vendors and the inability to perform its other financial and accounting functions. Failures of embedded chip systems in field equipment of the Partnership or its customers could disrupt the Partnership's crude oil transportation, terminalling and storage activities and gathering and marketing activities.

While the Partnership believes that its Year 2000 project will substantially reduce the risks associated with the Year 2000 issue, there can be no assurance that it will be successful in completing each and every aspect of the project on schedule, and if successful, the project will have the expected results. Due to the general uncertainty inherent in the Year 2000 issues, the Partnership cannot conclude that its failure or the failure of third parties to achieve Year 2000 compliance will not adversely affect its financial position, results of operations or cash flows.

Quantitative and Qualitative Disclosures about Market Risks

The Partnership is exposed to various market risks, including volatility in crude oil commodity prices and interest rates. To manage such exposure, the Partnership monitors its inventory levels, current economic conditions and its expectations of future commodity prices and interest rates when making decisions with respect to risk management. The Partnership does not enter into derivative transactions for speculative trading purposes. Substantially all the Partnership's derivative contracts are exchanged or traded with major financial institutions and the risk of credit loss is considered remote.

The fair value of outstanding derivative commodity instruments and the change in fair value that would be expected from a 10 percent adverse price change are shown in the table below:

At March 31, 1999	Fair Value	Change in Fair Value from 10% Adverse Price Change
	(in millions)	
Crude oil futures contracts	$(2.6)	$(4.9)

At March 31, 1999, the Partnership's interest rate risk has not changed materially from that presented in the Partnership's 1998 Form 10-K.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

All statements, other than statements of historical fact, included in this Report are forward-looking statements, including, but not limited to, statements identified by the words "anticipate," "believe," "estimate," "expect," "plan," "intend" and "forecast" and similar expressions and statements regarding the Partnership's business strategy, plans and objectives of management of the Partnership for future operations. Such statements reflect the current views of the Partnership and the General Partner with respect to future events, based on what they believe are reasonable assumptions. These statements, however, are subject to certain risks, uncertainties and assumptions, including, but not limited to (i) the availability of adequate supplies of and demand for crude oil in the areas in which the Partnership operates, (ii) the impact of crude oil price fluctuations, (iii) the effects of competition, (iv) the success of the Partnership's risk management activities, (v) the availability (or lack thereof) of acquisition or combination opportunities, (vi) the impact of current and future laws and governmental regulations, (vii) environmental liabilities that are not covered by an indemnity or insurance, (viii) general economic, market or business conditions and (ix) uncertainties inherent in the Year 2000 Issue. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those in the forward-looking statements. Except as required by applicable securities laws, the Partnership does not intend to update these forward-looking statements and information.

PART II. OTHER INFORMATION

Item 1 - Legal Proceedings

None

Item 2 - Material Modification of Rights of Registrant's Securities

None

Item 3 - Defaults on Senior Securities

None

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

3.7 Agreement of Limited Partnership of Plains Scurlock Permian, L.P. dated as of April 29, 1999.

10.17 Asset Sales Agreement between Chevron Pipe Line Company and Plains Marketing, L.P. dated April 16, 1999.

10.18 Credit Agreement dated as of May 12, 1999, between Plains Scurlock Permian, L.P., BankBoston, N.A. and certain financial institutions.

27. Financial Data Schedule

B. Report on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned and thereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P..

By: PLAINS ALL AMERICAN INC.,
Its General Partner

Date: May 14, 1999

By: /s/ Cynthia A. Feeback

Cynthia A. Feeback, Treasurer
(Principal Accounting Officer) of the
General Partner

AGREEMENT OF LIMITED PARTNERSHIP

OF

PLAINS SCURLOCK PERMIAN, L.P.

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AGREEMENT OF LIMITED PARTNERSHIP
OF
PLAINS SCURLOCK PERMIAN, L.P.

THIS AGREEMENT OF LIMITED PARTNERSHIP of PLAINS SCURLOCK PERMIAN, L.P., dated as of April 29, 1999 is entered into by and between Plains All American Inc., a Delaware corporation, as the General Partner, and Plains Marketing, L.P., a Delaware limited partnership, as the Limited Partner, together with any other Persons who hereafter become Partners in the Partnership or parties hereto as provided herein.

R E C I T A L S:

WHEREAS, Plains All American Inc. and Plains Marketing, L.P. formed the Partnership pursuant to a Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware on April 29, 1999; and

WHEREAS, Plains Marketing, L.P. has contributed $999.99 to the Partnership in return for a 99.999% limited partner interest and Plains All American Inc. has contributed $0.01 to the Partnership in return for a 0.001% general partner interest; and

WHEREAS, Plains Marketing, L.P. has (i) entered into an Agreement for Purchase and Sale of Membership Interest in Scurlock Permian LLC with Marathon Ashland Petroleum LLC (the "Scurlock Agreement") and (ii) entered into an Asset Sale Agreement for the West Texas Pipeline System with Chevron Pipe Line Company (the "Chevron Agreement," and collectively with the Permian Agreement, the "Purchase Agreements"); and

WHEREAS, Plains Marketing, L.P. will assign its interest in the Purchase Agreements to the Partnership or an Affiliate of the Partnership; and

WHEREAS, Plains Marketing, L.P. and Plains All American Inc. will contribute an aggregate of $50 million to the Partnership in accordance with their respective Percentage Interests.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1 Definitions.

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement. Capitalized terms used herein but not otherwise defined shall have the meaning assigned to such term in the MLP Agreement.

"Additional Limited Partner" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 10.4 and who is shown as such on the books and records of the Partnership.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Partner in subsequent years under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Partner in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 6.1(d)(i) or 6.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The "Adjusted Capital Account" of a Partner in respect of a General Partner Interest or any other specified interest in the Partnership shall be the amount which such Adjusted Capital Account would be if such General Partner Interest or other interest in the Partnership were the only interest in the Partnership held by a Partner from and after the date on which such general partner interest or other interest was first issued.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 5.4(d)(i) or 5.4(d)(ii). Once an Adjusted Property is deemed contributed to a new partnership in exchange for an interest in the new partnership, followed by a deemed liquidation of the Partnership for federal income tax purposes upon a termination of the Partnership pursuant to Treasury Regulation Section 1.708-(b)(1)(iv), such property shall thereafter constitute a Contributed Property until the Carrying Value of such property is subsequently adjusted pursuant to Section 5.4(d)(i) or 5.4(d)(ii).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Allocation" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 6.1, including,

without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

"Agreed Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. The General Partner shall, in its discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties contributed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

"Agreement" means this Agreement of Limited Partnership of Plains Scurlock Permian, L.P., as it may be amended, supplemented or restated from time to time.

"Assets" means the assets being assigned to the Partnership pursuant to the Purchase Agreements.

"Assignee" means a Person to whom one or more Partnership Interests have been transferred in a manner permitted under this Agreement, but who has not been admitted as a Substituted Limited Partner.

"Associate" means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

"Assumed Liabilities" means the liabilities that the Partnership is either assuming or taking subject to in connection with the assignment of the Assets pursuant to the Purchase Agreements.

"Available Cash" means, with respect to any Quarter ending prior to the Liquidation Date,

(a) the sum of (i) all cash and cash equivalents of the Partnership on hand at the end of such Quarter, and (ii) all additional cash and cash equivalents of the Partnership on hand on the date of determination of Available Cash with respect to such Quarter resulting from Working Capital Borrowings made subsequent to the end of such Quarter, less

(b) the amount of any cash reserves that is necessary or appropriate in the reasonable discretion of the General Partner to (i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures and for anticipated future credit needs of the Partnership Group) subsequent to such Quarter, (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any Group Member is a party or by which it is bound or its assets are subject or (iii) provide funds for distributions under Section 6.4 or 6.5 of the MLP Agreement in respect of any one or more of the next four Quarters; provided, however, that the General Partner may not establish cash reserves pursuant to (iii) above if the effect of such reserves would be that the MLP is unable to distribute the Minimum Quarterly Distribution on all Common Units, plus any Cumulative Common Unit Arrearage on all Common Units, with respect to such Quarter; and provided further that disbursements made by a Group Member or cash reserves established, increased or reduced after the end of such Quarter but on or before the date of determination of Available Cash with respect to such Quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such Quarter if the General Partner so determines.

Notwithstanding the foregoing, "Available Cash" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

"Book-Tax Disparity" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 5.4 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the states of New York or Texas shall not be regarded as a Business Day.

"Capital Account" means the capital account maintained for a Partner pursuant to Section 5.4. The "Capital Account" of a Partner in respect of a General Partner Interest or any other specified interest in the Partnership shall be the amount which such Capital Account would be if such General Partner Interest or other specified interest in the Partnership were the only interest in the Partnership held by a Partner from and after the date on which such General Partner Interest or other specified interest in the Partnership was first issued.

"Capital Contribution" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership pursuant to this Agreement.

"Carrying Value" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' and Assignees' Capital Accounts in respect of such Contributed Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 5.4(d)(i) and 5.4(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 2.1, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of successor law.

"Commission" means the United States Securities and Exchange Commission.

"Common Unit" has the meaning assigned to such term in the MLP Agreement.

"Contributed Property" means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership (or deemed contributed to a new partnership on termination of the Partnership pursuant to Section 708 of the Code. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 5.4(d), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"Curative Allocation" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 6.1(d)(ix).

"Delaware Act" means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. (S) 17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"Departing Partner" means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 11.1 or 11.2.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"Event of Withdrawal" has the meaning assigned to such term in Section 11.1(a).

"General Partner" means Plains All American Inc. and its successors and permitted assigns as general partner of the Partnership.

"General Partner Interest" means the ownership interest of the General Partner in the Partnership (in its capacity as a general partner) and includes any and all benefits to which the General Partner is entitled as provided in this Agreement, together with all obligations of the General Partner to comply with the terms and provisions of this Agreement.

"Group" means a Person that with or through any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent given to such Person in response to a proxy or consent solicitation made to 10 or more Persons) or disposing of any MLP Securities with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, MLP Securities.

"Group Member" means a member of the Partnership Group.

"Indemnitee" means (a) the General Partner, (b) any Departing Partner, (c) any Person who is or was an Affiliate of the General Partner or any Departing Partner, (d) any Person who is or was a member, partner, officer, director, employee, agent or trustee of any Group Member, the General Partner or any Departing Partner or any Affiliate of any Group Member, the General Partner or any Departing Partner, and (e) any Person who is or was serving at the request of the General Partner or any Departing Partner or any Affiliate of the General Partner or any Departing Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another Person; provided, that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services.

"Limited Partner Interest" means the ownership interest of a Limited Partner or Assignee in the Partnership and includes any and all benefits to which such Limited Partner or Assignee is entitled as provided in this Agreement, together with all obligations of such Limited Partner or Assignee to comply with the terms and provisions of this Agreement.

"Liquidation Date" means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the Partners have the right to elect to reconstitute the Partnership and continue its business has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

"Liquidator" means one or more Persons selected by the General Partner to perform the functions described in Section 12.3 as liquidating trustee of the Partnership within the meaning of the Delaware Act.

"Limited Partner" means any Person that is admitted to the Partnership as a limited partner pursuant to the terms and conditions of this Agreement; but the term Limited Partner shall not include any Person from and after the time such Person withdraws as a Limited Partner from the Partnership.

"Merger Agreement" has the meaning assigned to such term in Section 14.1.

"Minimum Quarterly Distribution" has the meaning assigned to such term in the MLP Agreement.

"MLP" means Plains All American Pipeline, L.P.

"MLP Agreement" means the Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P., as it may be amended, supplemented or restated from time to time.

"MLP Security" has the meaning assigned to the term "Partnership Security" in the MLP Agreement.

"Net Agreed Value" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner or Assignee by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 5.4(d)(ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner or Assignee upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"Net Income" means, for any taxable year, the excess, if any, of the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items

of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Income shall be determined in accordance with Section 5.4(b) and shall not include any items specially allocated under Section 6.1(d).

"Net Loss" means, for any taxable year, the excess, if any, of the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Loss shall be determined in accordance with Section 5.4(b) and shall not include any items specially allocated under Section 6.1(d).

"Net Termination Gain" means, for any taxable year, the sum, if positive, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 5.4(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"Net Termination Loss" means, for any taxable year, the sum, if negative, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 5.4(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"Nonrecourse Built-in Gain" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 6.2(b)(i)(A), 6.2(b)(ii)(A) and 6.2(b)(iii) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" means any and all items of loss, deduction or expenditures (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

"Nonrecourse Liability" has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

"OLP Subsidiary" means a Subsidiary of the Partnership.

"Omnibus Agreement" means that Omnibus Agreement, as amended, among Plains Resources, Inc., the General Partner, the MLP, Plains Marketing, L.P., the Partnership and All American, L.P.

"Opinion of Counsel" means a written opinion of counsel (which may be regular counsel to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner in its reasonable discretion.

"Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"Partner Nonrecourse Deductions" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

"Partnership" means Plains Scurlock Permian, L.P., a Delaware limited partnership, and any successors thereto.

"Partnership Group" means the Partnership and all OLP Subsidiaries, treated as a single consolidated entity.

"Partnership Interest" means an ownership interest of a Partner in the Partnership, which shall include the General Partner Interest and the Limited Partner Interest(s).

"Partnership Minimum Gain" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

"Percentage Interest" means the percentage interest in the Partnership held by each Partner upon completion of the transactions in Section 5.3 and shall mean, (a) as to the General Partner, an aggregate 0.001% and (b) as to Plains Marketing, 99.999%.

"Person" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"Plains Marketing" means Plains Marketing, L.P., a Delaware limited partnership.

"Prior Agreement" is defined in the Recitals.

"Pro Rata" means, when modifying Partners and Assignees, apportioned among all Partners and Assignees in accordance with their relative Percentage Interests.

"Purchase Agreements" means collectively, (i) the Agreement for Purchase and Sale of Membership Interest in Scurlock Permian LLC between Marathon Ashland Petroleum LLC and Plains Marketing, L.P., dated March 17, 1998 and (ii) the Asset Sale Agreement for the West Texas Pipeline System between Chevron Pipe Line Company and Plains Marketing, L.P., dated April 16, 1999.

"Quarter" means, unless the context requires otherwise, a fiscal quarter of the Partnership.

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Required Allocations" means (a) any limitation imposed on any allocation of Net Losses or Net Termination Losses under Section 6.1(b) or 6.1(c)(ii) and (b) any allocation of an item of income, gain, loss or deduction pursuant to Section 6.1(d)(i), 6.1(d)(ii), 6.1(d)(iv), 6.1(d)(vii) or 6.1(d)(ix).

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 6.2(b)(i)(A) or 6.2(b)(ii)(A), respectively, to eliminate Book-Tax Disparities.

"Restricted Business" has the meaning assigned to such term in the Omnibus Agreement.

"Scurlock Crude Oil Sales Contract" means the crude oil sales contract between Plains Marketing and Scurlock Permian L.L.C.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"Special Approval" has the meaning assigned to such term in the MLP Agreement.

"Subsidiary" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any

contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 10.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"Surviving Business Entity" has the meaning assigned to such term in Section 14.2(b).

"Transfer" has the meaning assigned to such term in Section 4.4(a).

"Unit" has the meaning assigned to such term in the MLP Agreement.

"Unit Majority" has the meaning assigned to such term in the MLP Agreement.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 5.4(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.4(d) as of such date).

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.4(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 5.4(d)).

"U.S. GAAP" means United States Generally Accepted Accounting Principles consistently applied.

"Working Capital Borrowings" means borrowings exclusively for working capital purposes made pursuant to a credit facility or other arrangement requiring all such borrowings

thereunder to be reduced to a relatively small amount each year for an economically meaningful period of time.

SECTION 1.2 Construction.

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; and (c) the term "include" or "includes" means includes, without limitation, and "including" means including, without limitation.

ARTICLE II
ORGANIZATION

SECTION 2.1 Formation.

The Partnership was previously formed as a limited partnership pursuant to the provisions of the Delaware Act. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes and a Partner has no interest in specific Partnership property.

SECTION 2.2 Name.

The name of the Partnership shall be "Plains Scurlock Permian, L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner in its sole discretion, including the name of the General Partner. The words "Limited Partnership," "L.P." or "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner in its discretion may change the name of the Partnership at any time and from time to time and shall notify the other Partner(s) of such change in the next regular communication to the Partners.

SECTION 2.3 Registered Office; Registered Agent; Principal Office; Other Offices.

Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 1013 Center Road, Wilmington, Delaware 19805-1297, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be Corporation Service Company. The principal office of the Partnership shall be located at 500 Dallas, Suite 700, Houston, Texas 77002 or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may

maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or appropriate. The address of the General Partner shall be 500 Dallas, Suite 700, Houston, Texas 77002 or such other place as the General Partner may from time to time designate by notice to the Limited Partners.

SECTION 2.4 Purpose and Business .

The purpose and nature of the business to be conducted by the Partnership shall be to (a) acquire, manage, operate and sell the Assets and any similar assets or properties now or hereafter acquired by the Partnership, (b) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that the Partnership is permitted to engage in, or any type of business or activity engaged in by the General Partner and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (c) engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner and which lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity; provided, however, that the General Partner reasonably determines, as of the date of the acquisition or commencement of such activity, that such activity (i) generates "qualifying income" (as such term is defined pursuant to Section 7704 of the Code) or (ii) enhances the operations of an activity of the Partnership that generates qualifying income, and (d) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to a Group Member, the MLP or any Subsidiary of the MLP. The General Partner has no obligation or duty to the Partnership, the Limited Partners, or the Assignees to propose or approve, and in its discretion may decline to propose or approve, the conduct by the Partnership of any business.

SECTION 2.5 Powers.

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

SECTION 2.6 Power of Attorney.

(a) Each Partner and each Assignee hereby constitutes and appoints the General Partner and, if a Liquidator shall have been selected pursuant to Section 12.3, the Liquidator (and any successor to the Liquidator by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, as the case may be, with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements hereof or thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article IV, X, XI or XII; (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or series of Partnership Interests issued pursuant hereto; and (F) all certificates, documents and other instruments (including agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XIV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when required by any provision of this Agreement that establishes a percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner and the Liquidator may exercise the power of attorney made in this Section 2.6(a)(ii) only after the necessary vote, consent or approval of the Limited Partners or of the Limited Partners of such class or series, as applicable.

Nothing contained in this Section 2.6(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIII or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and, to the maximum extent permitted by law, not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or

termination of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Interest and shall extend to such Limited Partner's or Assignee's successors and assigns. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee, to the maximum extent permitted by law, hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

SECTION 2.7 Term.

The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2089 or until the earlier dissolution of the Partnership in accordance with the provisions of Article XII. The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Act.

SECTION 2.8 Title to Partnership Assets.

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided, further, that, prior to the withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

ARTICLE III
RIGHTS OF LIMITED PARTNERS

SECTION 3.1 Limitation of Liability.

The Limited Partners and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or in the Delaware Act.

SECTION 3.2 Management of Business.

No Limited Partner or Assignee, in its capacity as such, shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. Any action taken by any Affiliate of the General Partner or any officer, director, employee, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be participation in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

SECTION 3.3 Outside Activities of the Limited Partners.

Subject to the provisions of Section 7.5 and the Omnibus Agreement, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners or Assignees, any Limited Partner or Assignee shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group. Neither the Partnership nor any of the other Partners or Assignees shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee.

SECTION 3.4 Rights of Limited Partners.

(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 3.4(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable written demand and at such Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local income tax returns for each year;

(iii) to have furnished to him a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed;

(v) to obtain true and full information regarding the amount of cash and a description and statement of the Net Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) The General Partner may keep confidential from the Limited Partners and Assignees, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner in good faith believes (A) is not in the best interests of the MLP or the Partnership Group, (B) could damage the MLP or the Partnership Group or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

ARTICLE IV
TRANSFERS OF PARTNERSHIP INTERESTS

SECTION 4.1 Transfer Generally.

(a) The term "transfer," when used in this Agreement with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner assigns its General Partner Interest to another Person who becomes the General Partner (or an Assignee) or by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person who becomes a Limited Partner (or an Assignee), and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any shareholder of the General Partner of any or all of the issued and outstanding capital stock of the General Partner.

SECTION 4.2 Transfer of General Partner's Partnership Interest.

If the General Partner transfers its interest as the general partner of the MLP to any Person in accordance with the provisions of the MLP Agreement, the General Partner shall contemporaneously therewith transfer all, but not less than all, of its General Partner Interest herein to such Person, and the Limited Partners and Assignees, if any, hereby expressly consent to such transfer. Except as set forth in the immediately preceding sentence and in Section 5.1, a General Partner may not transfer all or any part of its Partnership Interest as the General Partner.

SECTION 4.3 Transfer of a Limited Partner's Partnership Interest.

A Limited Partner may transfer all, but not less than all, of its Partnership Interest as a Limited Partner in connection with the merger, consolidation or other combination of such Limited Partner with or into any other Person or the transfer by such Limited Partner of all or substantially all of its assets to another Person, and following any such transfer such Person may become a Substituted Limited Partner pursuant to Article X. Except as set forth in the immediately preceding sentence and in Section 5.1, or in connection with any pledge of (or any related foreclosure on) a Partnership Interest as a Limited Partner solely for the purpose of securing, directly or indirectly, indebtedness of the Partnership or the MLP, and except for the transfers contemplated by Sections 5.1 and 10.1, a Limited Partner may not transfer all or any part of its Partnership Interest or withdraw from the Partnership.

SECTION 4.4 Restrictions on Transfers.

(a) Notwithstanding the other provisions of this Article IV, no transfer of any Partnership Interest shall be made if such transfer would (i) violate the then applicable federal or state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authority with jurisdiction over such transfer, (ii) terminate the existence or qualification of the Partnership or the MLP under the laws of the jurisdiction of its formation or (iii) cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if a subsequent Opinion of Counsel determines that such restrictions are necessary to avoid a significant risk of the Partnership or the MLP becoming taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes. The restrictions may be imposed by making such amendments to this Agreement as the General Partner may determine to be necessary or appropriate to impose such restrictions.

ARTICLE V
CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

SECTION 5.1 Initial Contributions.

(a) In connection with the formation of the Partnership under the Delaware Act, the General Partner made an initial Capital Contribution to the Partnership in the amount of $0.01 in exchange for an interest in the Partnership and was admitted as General Partner and as a Limited Partner, and the Plains Marketing made an initial Capital Contribution to the Partnership in the amount of $999.99 in exchange for an interest in the Partnership and was admitted as a Limited Partner.

(b) Following the foregoing Capital Contributions, the General Partner holds a 0.001% Partnership Interest as General Partner and the Plains Marketing holds a 99.999% Partnership Interest as a Limited Partner.

(c) Subsequent to the formation of the Partnership, Plains Marketing and the General Partner will make additional Capital Contributions to the Partnership in an aggregate of $50 million, in accordance with their respective Percentage Interests.

SECTION 5.2 Additional Capital Contributions.

With the consent of the General Partner, any Limited Partner may, but shall not be obligated to, make additional Capital Contributions to the Partnership. Contemporaneously with the making of any Capital Contributions by a Limited Partner, in addition to those provided in Section 5.1, the General Partner shall be obligated to make an additional Capital Contribution to the Partnership in an amount equal to 0.001 divided by 99.999 times the amount of the additional Capital Contribution then made by such Limited Partner. Except as set forth in the immediately preceding sentence and in Article XII, the General Partner shall not be obligated to make any additional Capital Contributions to the Partnership.

SECTION 5.3 Interest and Withdrawal.

No interest shall be paid by the Partnership on Capital Contributions. No Partner or Assignee shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be

considered as such by law and then only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement, no Partner or Assignee shall have priority over any other Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of Section 17-502(b) of the Delaware Act.

SECTION 5.4 Capital Accounts.

(a) The Partnership shall maintain for each Partner (or a beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion) owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 5.4(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1, and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 5.4(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction which is to be allocated pursuant to Article VI and is to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided, that:

(i) Solely for purposes of this Section 5.4, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner) of all property owned by any OLP Subsidiary that is classified as a partnership for federal income tax purposes.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 6.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment in the Capital Accounts shall be treated as an item of gain or loss.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 5.4(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(vi) If the Partnership's adjusted basis in a depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q)(1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 6.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property or the conversion of the General Partner's Partnership Interest to Common Units pursuant to Section 11.3(a), the Capital Accounts of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Partnership Interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of all Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall (A) in the case of an actual distribution which is not made pursuant to Section 12.4 or in the case of a deemed contribution and/or distribution occurring as a result of a termination of the Partnership pursuant to Section 708 of the Code, be determined and allocated in the same manner as that provided in Section 5.5(d)(i) or (B) in the case of a liquidating distribution pursuant to Section 12.4, be determined and allocated by the Liquidator using such reasonable method of valuation as it may adopt.

SECTION 5.5 Loans from Partners.

Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

SECTION 5.6 Limited Preemptive Rights.

Except as provided in Section 5.2, no Person shall have preemptive, preferential or other similar rights with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Partnership Interests, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Partnership Interests; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Partnership Interests; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

SECTION 5.7 Fully Paid and Non-Assessable Nature of Partnership Interests.

All Partnership Interests issued to Limited Partners pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Partnership Interests, except as such non-assessability may be affected by Section 17-607 of the Delaware Act.

ARTICLE VI
ALLOCATIONS AND DISTRIBUTIONS

SECTION 6.1 Allocations for Capital Account Purposes.

For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 5.4(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided herein below.

(a) Net Income. After giving effect to the special allocations set forth in Section 6.1(d), Net Income for each taxable year and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable year shall be allocated among the Partners as follows:

(i) First, 100% to the General Partner, until the aggregate Net Income allocated to the General Partner pursuant to this Section 6.1(a)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 6.1(b)(ii) for all previous taxable years;

(ii) Second, 1.0101% to the General Partner and 98.9899% to the Limited Partners in accordance with their respective Percentage Interests.

(b) Net Losses. After giving effect to the special allocations set forth in Section 6.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated among the Partners as follows:

(i) First, 1.0101% to the General Partner and 98.9899% to the Limited Partners, in accordance with their respective Percentage Interests; provided, however, that Net Losses shall not be allocated to a Limited Partner pursuant to this Section 6.1(b)(i) to the extent that such allocation would cause a Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in such Limited Partners's Adjusted Capital Account);

(ii) Second, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 6.1(d), all items of income, gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 6.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 6.1 and after all distributions of Available Cash provided under Section 6.4 have been made with respect to the taxable period ending on or before the Liquidation Date; provided, however, that solely for purposes of this Section 6.1(c), Capital Accounts shall not be adjusted for distributions made pursuant to Section 12.4.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 5.5(d)), such Net Termination Gain shall be allocated among the Partners in the following manner (and the Capital Accounts of the Partners shall be increased by the amount so allocated in each of the following subclauses, in the order listed, before an allocation is made pursuant to the next succeeding subclause):

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account; and

(B) Second, 1.0101% to the General Partner and 98.9899% to the Limited Partners, in accordance with their respective Percentage Interests.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 5.4(d)), such Net Termination Loss shall be allocated among the Partners in the following manner:

(A) First, to the General Partner and the Limited Partners in proportion to, and to the extent of, the positive balances in their respective Capital Accounts; and

(B) Second, the balance, if any, 100% to the General Partner.

(d) Special Allocations. Notwithstanding any other provision of this Section 6.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 6.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) with respect to such taxable period (other than an allocation pursuant to Sections 6.1(d)(v) and 6.1(d)(vi)). This Section 6.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Partner Nonrecourse Debt Minimum Gain. Notwithstanding the other provisions of this Section 6.1 (other than Section 6.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d), other than Section 6.1(d)(i) and other than an allocation pursuant to Sections 6.1(d)(v) and 6.1(d)(vi), with respect to such taxable period. This Section 6.1(d)(ii) is intended to comply with the chargeback of items of income and gain

requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 6.1(d)(i) or (ii).

(iv) Gross Income Allocations. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable period in excess of the sum of (A) the amount such Partner is required to restore pursuant to the provisions of this Agreement and (B) the amount such Partner is deemed obligated to restore pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 6.1(d)(iv) shall be made only if and to the extent that such Partner would have a deficit balance in its Capital Account as adjusted after all other allocations provided for in this Section 6.1 have been tentatively made as if this Section 6.1(d)(iv) were not in this Agreement.

(v) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the other Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) Nonrecourse Liabilities. For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse

Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(c) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(ix) Curative Allocation.

(A) Notwithstanding any other provision of this Section 6.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 6.1. Notwithstanding the preceding sentence, Required Allocations relating to (1) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Nonrecourse Debt Minimum Gain. Allocations pursuant to this Section 6.1(d)(ix)(A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 6.1(d)(ix)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 6.1(d)(ix)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 6.1(d)(ix)(A) among the Partners in a manner that is likely to minimize such economic distortions.

SECTION 6.2 Allocations for Tax Purposes.

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 5.4(d)(i) or 5.4(d)(ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 6.2(b)(i)(A); and (B) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 6.1.

(iii) The General Partner shall apply the principles of Treasury Regulation Section 1.704-3(d) to eliminate Book-Tax Disparities.

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Units or other limited partner interests of the MLP (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Units or other limited partner interests of the MLP (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 6.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units or other limited partner interests of the MLP

issued and outstanding or the Partnership and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its discretion may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the Partnership's common basis of such property, despite any inconsistency of such approach with Proposed Treasury Regulation Section 1.168-2(n), Treasury Regulation Section 1.167(c)-l(a)(6) or the legislative history of Section 197 of the Code. If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring limited partner interests of the MLP in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any limited partner interests of the MLP that would not have a material adverse effect on the Partners or the holders of any class or classes of limited partner interests of the MLP.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) The General Partner may adopt such methods of allocation of income, gain, loss or deduction between a transferor and a transferee of a Partnership Interest as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(h) Allocations that would otherwise be made to a Partner under the provisions of this Article VI shall instead be made to the beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership

in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion.

SECTION 6.3 Distributions.

(a) Within 45 days following the end of each Quarter commencing with the Quarter ending on June 30, 1999, an amount equal to 100% of Available Cash with respect to such Quarter shall, subject to Section 17-607 of the Delaware Act, be distributed in accordance with this Article VI by the Partnership to the Partners in accordance with their respective Percentage Interests. The immediately preceding sentence shall not require any distribution of cash if and to the extent such distribution would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject. All distributions required to be made under this Agreement shall be made subject to Section 17-607 of the Delaware Act.

(b) In the event of the dissolution and liquidation of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs, other than from borrowings described in (a)(ii) of the definition of Available Cash, shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(c) The General Partner shall have the discretion to treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of Available Cash to such Partners.

ARTICLE VII
MANAGEMENT AND OPERATION OF BUSINESS

SECTION 7.1 Management.

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the

issuance of evidences of indebtedness, including indebtedness that is convertible into a Partnership Interest, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.3);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group, subject to Section 7.6, the lending of funds to other Persons (including the MLP and any member of the Partnership Group), the repayment of obligations of the MLP or any member of the Partnership Group and the making of capital contributions to any member of the Partnership Group;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of such insurance for the benefit of the Partnership Group and the Partners as it deems necessary or appropriate;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations or other relationships subject to the restrictions set forth in Section 2.4;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; and

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law.

(b) Notwithstanding any other provision of this Agreement, the MLP Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and Assignees and each other Person who may acquire an interest in the Partnership hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Partnership Agreement, the Omnibus Agreement, the Scurlock Crude Oil Sales Contract and the Purchase Agreements; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence; and (iii) agrees that the execution, delivery or performance by the General Partner, the MLP, any Group Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XV), shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity.

SECTION 7.2 Certificate of Limited Partnership.

The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner or Assignee.

SECTION 7.3 Restrictions on General Partner's Authority.

(a) The General Partner may not, without written approval of the specific act by the Limited Partners or by other written instrument executed and delivered by the Limited Partners subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, except as otherwise provided in this Agreement, (i) committing any act that would make it impossible to carry on the ordinary business of the Partnership; (ii) possessing Partnership property, or assigning any rights in specific Partnership property, for other than a Partnership purpose; (iii) admitting a Person as a Partner; (iv) amending this Agreement in any manner or (v) transferring its General Partner Interest.

(b) Except as provided in Articles XII and XIV, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination) or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of the Partnership, without the approval of the Limited Partners; provided however that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership and shall not apply to any forced sale of any or all of the assets of the Partnership pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of at least a Unit Majority, the General Partner shall not, on behalf of the MLP, (i) consent to any amendment to this Agreement or, except as expressly permitted by Section 7.9(d) of the MLP Agreement, take any action permitted to be taken by a Partner, in either case, that would have a material adverse effect on the MLP as a Partner or (ii) except as permitted under Sections 4.6, 11.1 and 11.2 of the MLP Agreement, elect or cause the MLP to elect a successor general partner of the Partnership.

SECTION 7.4 Reimbursement of the General Partner.

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement or in the MLP Agreement, the General Partner shall not be compensated for its services as General Partner, general partner of the MLP or as general partner of any Group Member.

(b) The General Partner shall be reimbursed on a monthly basis, or such other reasonable basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership or for the General Partner in the discharge of its duties to the Partnership), and (ii) all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the Partnership in any reasonable

manner determined by the General Partner in its sole discretion. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7.

(c) Subject to Section 5.6, the General Partner, in its sole discretion and without the approval of the Limited Partners (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership employee benefit plans, employee programs and employee practices, or cause the Partnership to issue Partnership Interests, in connection with, pursuant to any employee benefit plan, employee program or employee practice maintained or sponsored by the General Partner or any of its Affiliates, in each case for the benefit of employees of the General Partner any Group Member or any Affiliate, or any of them, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. Expenses incurred by the General Partner in connection with any such plans, programs and practices shall be reimbursed in accordance with Section 7.4(b). Any and all obligations of the General Partner under any employee benefit plans, employee programs or employee practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's General Partner Interest pursuant to Section 4.2.

SECTION 7.5 Outside Activities.

(a) The General Partner, for so long as it is the General Partner of the Partnership (i) agrees that its sole business will be to act as the General Partner of the Partnership, the general partner of the MLP, and a general partner of any other partnership of which the Partnership or the MLP is, directly or indirectly, a partner and to undertake activities that are ancillary or related thereto (including being a limited partner in the MLP), (ii) shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner of the Partnership, the MLP or one or more Group Members or (B) the acquiring, owning or disposing of debt or equity securities in any Group Member and (iii) except to the extent permitted in the Omnibus Agreement, shall not, and shall cause its Affiliates not to, engage in any Restricted Business.

(b) The Omnibus Agreement, to which the Partnership is a party, sets forth certain restrictions on the ability of Plains Resources Inc. to engage in Restricted Businesses.

(c) Except as specifically restricted by Section 7.5(a) and the Omnibus Agreement, each Indemnitee (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by the MLP or any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of the MLP or any Group Member, and none of the same shall constitute a breach of this Agreement or any

duty express or implied by law to the MLP or any Group Member or any Partner or Assignee. Neither the MLP nor any Group Member, any Limited Partner, nor any other Person shall have any rights by virtue of this Agreement, the MLP Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee.

(d) Subject to the terms of Section 7.5(a), Section 7.5(b), Section 7.5(c) and the Omnibus Agreement, but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engaging in competitive activities by any Indemnitees (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership and all Partners, (ii) it shall be deemed not to be a breach of the General Partner's fiduciary duty or any other obligation of any type whatsoever of the General Partner for the Indemnitees (other than the General Partner) to engage in such business interests and activities in preference to or to the exclusion of the Partnership and (iii) except as set forth in the Omnibus Agreement, the General Partner and the Indemnities shall have no obligation to present business opportunities to the Partnership.

(e) The General Partner and any of its Affiliates may acquire Units or other MLP Securities and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights relating to such Units or MLP Securities.

(f) The term "Affiliates" when used in Section 7.5(a) and Section 7.5(e) with respect to the General Partner shall not include any Group Member or any Subsidiary of the MLP or any Group Member.

(g) Anything in this Agreement to the contrary notwithstanding, to the extent that provisions of Sections 7.7, 7.8, 7.9, 7.10 or other Sections of this Agreement purport or are interpreted to have the effect of restricting the fiduciary duties that might otherwise, as a result of Delaware or other applicable law, be owed by the General Partner to the Partnership and its Limited Partners, or to constitute a waiver or consent by the Limited Partners to any such restriction, such provisions shall be inapplicable and have no effect in determining whether the General Partner has complied with its fiduciary duties in connection with determinations made by it under this Section 7.5.

SECTION 7.6 Loans from the General Partner; Loans or Contributions from the Partnership; Contracts with Affiliates; Certain Restrictions on the General Partner.

(a) The General Partner or its Affiliates may lend to the MLP or any Group Member, and the MLP or any Group Member may borrow from the General Partner or any of its Affiliates, funds needed or desired by the MLP or the Group Member for such periods of time and in such amounts as the General Partner may determine; provided, however, that in any such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party or impose terms less favorable to the borrowing party than would be charged or imposed on the borrowing party by unrelated lenders on comparable loans made on an

arm's-length basis (without reference to the lending party's financial abilities or guarantees). The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 7.6(a) and Section 7.6(b), the term "Group Member" shall include any Affiliate of a Group Member that is controlled by the Group Member. No Group Member may lend funds to the General Partner or any of its Affiliates (other than the MLP, a Subsidiary of the MLP or a Subsidiary of another Group Member).

(b) The Partnership may lend or contribute to any Group Member, and any Group Member may borrow from the Partnership, funds on terms and conditions established in the sole discretion of the General Partner; provided, however, that the Partnership may not charge the Group Member interest at a rate less than the rate that would be charged to the Group Member (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to a Group Member or to the General Partner in the discharge of its duties as general partner of the Partnership. Any services rendered to a Group Member by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(c) shall be deemed satisfied as to (i) any transaction approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership Group than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership Group), is equitable to the Partnership Group. The provisions of Section 7.4 shall apply to the rendering of services described in this Section 7.6(c).

(d) The Partnership Group may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(e) shall be deemed to be satisfied as to (i) any transaction approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties, or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership.

(f) The General Partner and its Affiliates will have no obligation to permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

SECTION 7.7 Indemnification.

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee; provided, that in each case the Indemnitee acted in good faith and in a manner that such Indemnitee reasonably believed to be in, or (in the case of a Person other than the General Partner) not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful; provided, further, no indemnification pursuant to this Section 7.7 shall be available to the General Partner with respect to its obligations incurred pursuant to the Underwriting Agreement (other than obligations incurred by the General Partner on behalf of the MLP or the Partnership). The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.7.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity (including any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities or such Person's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and action taken or omitted by it with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 7.8 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partners, the Assignees or any other Persons who have acquired interests in the Units or other Partnership

Securities of the MLP, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 7.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to the Limited Partners, the General Partner and any other Indemnitee acting in connection with the Partnership's business or affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or otherwise modify the duties and liabilities of an Indemnitee otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such Indemnitee.

(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership, the Limited Partners, the General Partner, and the Partnership's and General Partner's directors, officers and employees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 7.9 Resolution of Conflicts of Interest.

(a) Unless otherwise expressly provided in this Agreement or the MLP Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, the MLP, any Partner or any Assignee, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement of the MLP Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval of such resolution. Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Partnership if such conflict of interest or resolution is (i) approved by Special Approval (as long as the material facts known to the General Partner or any of its Affiliates regarding any proposed transaction were disclosed to the Conflicts Committee at the time it gave its approval), (ii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or

(iii) fair to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner may also adopt a resolution or course of action that has not received Special Approval. The General Partner (including the Conflicts Committee in connection with Special Approval) shall be authorized in connection with its determination of what is "fair and reasonable" to the Partnership and in connection with its resolution of any conflict of interest to consider (A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (B) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (C) any applicable generally accepted accounting practices or principles; and (D) such additional factors as the General Partner (including the Conflicts Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner (including the Conflicts Committee) to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or, to the extent permitted by law, under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or"discretion," that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, except as otherwise provided herein, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the MLP, any Limited Partner or any Assignee, (ii) it may make such decision in its sole discretion (regardless of whether there is a reference to "sole discretion" or "discretion") unless another express standard is provided for, or (iii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the MLP Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner or such Affiliate consistent with the standards of "reasonable discretion" set forth in the definition of Available Cash shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business. No borrowing by any Group Member or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to (A) enable distributions to the General Partner or its Affiliates to exceed 0.001% of the total amount distributed to all Partners or (B) hasten the expiration of the Subordination Period or the conversion of any Subordinated Units into Common Units.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Limited Partner hereby authorizes the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

SECTION 7.10 Other Matters Concerning the General Partner.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited, to the extent permitted by law, as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement, so long as such action is reasonably believed by the General Partner to be in, or not inconsistent with, the best interests of the Partnership.

SECTION 7.11 Reliance by Third Parties.

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner authorized by the General Partner to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person

shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of the Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII
BOOKS, RECORDS, ACCOUNTING AND REPORTS

SECTION 8.1 Records and Accounting.

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 3.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device; provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

SECTION 8.2 Fiscal Year.

The fiscal year of the Partnership shall be a fiscal year ending December 31.

ARTICLE IX
TAX MATTERS

SECTION 9.1 Tax Returns and Information.

The Partnership shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and a taxable year ending on December 31. The tax information reasonably required by the Partners for federal and state income tax reporting purposes with respect to a taxable year shall be furnished to them within 90 days of the close of the calendar year in which the Partnership's taxable year ends. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes.

SECTION 9.2 Tax Elections.

(a) The Partnership shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partners.

(b) The Partnership shall elect to deduct expenses incurred in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

SECTION 9.3 Tax Controversies.

Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

SECTION 9.4 Withholding.

Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and

1446 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or Assignee (including, without limitation, by reason of Section 1446 of the Code), the amount withheld may at the discretion of the General Partner be treated by the Partnership as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

ARTICLE X
ADMISSION OF PARTNERS

SECTION 10.1 Admission of Partners.

Upon the consummation of the transactions described in Section 5.1, the General Partner shall be the sole general partner of the Partnership and the MLP shall be the sole limited partner of the Partnership.

SECTION 10.2 Admission of Substituted Limited Partner.

By transfer of a Limited Partner Interest in accordance with Article IV, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of a Limited Partner Interest shall, however, only have the authority to convey to a purchaser or other transferee (a) the right to negotiate such Limited Partner Interest to a purchaser or other transferee and (b) the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred Limited Partner Interests. Each transferee of a Limited Partner Interest shall be an Assignee and be deemed to have applied to become a Substituted Limited Partner with respect to the Limited Partner Interests so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (x) at such time as the General Partner consents thereto, which consent may be given or withheld in the General Partner's discretion, and (y) when any such admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall remain an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including liquidating distributions, of the Partnership. With respect to voting rights attributable to Limited Partner Interests that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto and shall, in exercising the voting rights in respect of such Limited Partner Interests on any matter, vote such Limited Partner Interests at the written direction of the Assignee. If no such written direction is received, such Partnership Interests will not be voted. An Assignee shall have no other rights of a Limited Partner.

SECTION 10.3 Admission of Additional Limited Partners.

(a) A Person (other than the General Partner, the MLP or a Substituted Limited Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall

be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including the power of attorney granted in Section 2.6, and (ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 10.3, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded as such in the books and records of the Partnership, following the consent of the General Partner to such admission.

SECTION 10.4 Admission of Successor or Transferee General Partner.

A successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's Partnership Interest pursuant to Section 4.2 who is proposed to be admitted as a successor General Partner shall, subject to compliance with the terms of Section 11.3, if applicable, be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the predecessor or transferring General Partner pursuant to Section 11.1 or 11.2 or the transfer of the General Partner Interest pursuant to Section 4.2, provided, however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.2 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the members of the Partnership Group without dissolution.

SECTION 10.5 Amendment of Agreement and Certificate of Limited Partnership.

To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, if required by law, the General Partner shall prepare and file an amendment to the Certificate of Limited Partnership, and the General Partner may for this purpose, among others, exercise the power of attorney granted pursuant to Section 2.6.

ARTICLE XI
WITHDRAWAL OR REMOVAL OF PARTNERS

SECTION 11.1 Withdrawal of the General Partner.

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its rights as General Partner pursuant to Section 4.2;

(iii) The General Partner is removed pursuant to Section 11.2;

(iv) The General Partner withdraws from, or is removed as the General Partner of, the MLP;

(v) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(v); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor in possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(vi) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vii) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership or limited liability company, the dissolution and commencement of winding up of the General Partner; (C) in the event the General Partner is acting in such capacity by virtue of being a trustee of a trust, the termination of the trust; (D) in the event the General Partner

is a natural person, his death or adjudication of incompetency; and (E) otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iv)(with respect to withdrawal), (v), (vi) or (vii)(A), (B), (C) or (E) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the date of execution of this Agreement and ending at 12:00 midnight, Eastern Standard Time, on December 31, 2008, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners; provided that prior to the effective date of such withdrawal, the withdrawal is approved by the Limited Partners and the General Partner delivers to the Partnership an Opinion of Counsel ("Withdrawal Opinion of Counsel") that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or of the limited partners of the MLP or cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such); (ii) at any time after 12:00 midnight, Eastern Standard Time, on December 31, 2008, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Limited Partners, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii), (iii) or (iv). If the General Partner gives a notice of withdrawal pursuant to Section 11.1(a)(i) hereof or Section 11.1(a)(i) of the MLP Agreement, the Limited Partners may, prior to the effective date of such withdrawal, elect a successor General Partner; provided, however, that such successor shall be the same person, if any, that is elected by the limited partners of the MLP pursuant to Section 11.1 of the MLP Agreement as the successor to the general partner of the MLP. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Limited Partners as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 12.1. Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section 10.3.

SECTION 11.2 Removal of the General Partner.

The General Partner shall be removed if the General Partner is removed as the general partner of the MLP pursuant to Section 11.2 of the MLP Agreement. Such removal shall be effective concurrently with the effectiveness of the removal of the General Partner as the general partner of the MLP pursuant to the terms of the MLP Agreement. If a successor general partner for

the MLP is elected in connection with the removal of the General Partner, such successor general partner for the MLP shall, upon admission pursuant to Article X, automatically become the successor General Partner of the Partnership. The admission of any such successor General Partner to the Partnership shall be subject to the provisions of Section 10.3.

SECTION 11.3 Interest of Departing Partner.

(a) The Partnership Interest of the Departing Partner departing as a result of withdrawal or removal pursuant to Section 11.1 or 11.2 shall (unless it is otherwise required to be converted into Common Units pursuant to Section 11.3(b) of the MLP Agreement) be purchased by the successor to the Departing Partner for cash in the manner specified in the MLP Agreement. Such purchase (or conversion into Common Units, as applicable) shall be a condition to the admission to the Partnership of the successor as the General Partner. Any successor General Partner shall indemnify the Departing Partner as to all debts and liabilities of the Partnership arising on or after the effective date of the withdrawal or removal of the Departing Partner.

(b) The Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 7.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by such Departing Partner for the benefit of the Partnership.

SECTION 11.4 Withdrawal of a Limited Partner.

Without the prior written consent of the General Partner, which may be granted or withheld in its sole discretion, and except as provided in Section 10.1, no Limited Partner shall have the right to withdraw from the Partnership.

ARTICLE XII
DISSOLUTION AND LIQUIDATION

SECTION 12.1 Dissolution.

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 11.1 or 11.2, the Partnership shall not be dissolved and such successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and (subject to Section 12.2) its affairs shall be wound up, upon:

(a) the expiration of its term as provided in Section 2.7;

(b) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and an Opinion of

Counsel is received as provided in Section 11.1(b) or 11.2 and such successor is admitted to the Partnership pursuant to Section 10.3;

(c) an election to dissolve the Partnership by the General Partner that is approved by all of the Limited Partners;

(d) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;

(e) the sale of all or substantially all of the assets and properties of the Partnership Group; or

(f) the dissolution of the MLP.

SECTION 12.2 Continuation of the Business of the Partnership After Dissolution.

Upon (a) dissolution of the Partnership following an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 11.1(a)(i) or (iii) and the failure of the Partners to select a successor to such Departing Partner pursuant to Section 11.1 or 11.2, then within 90 days thereafter, or (b) dissolution of the Partnership upon an event constituting an Event of Withdrawal as defined in Section 11.1(a)(iv), (v) or (vi) of the MLP Agreement, then, to the maximum extent permitted by law, within 180 days thereafter, all of the Limited Partners may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this Agreement and having as a general partner a Person approved by a majority in interest of the Limited Partners. In addition, upon dissolution of the Partnership pursuant to Section 12.1(f), if the MLP is reconstituted pursuant to Section 12.2 of the MLP Agreement, the reconstituted MLP may, within 180 days after such event of dissolution, acting alone, regardless of whether there are any other Limited Partners, elect to reconstitute the Partnership in accordance with the immediately preceding sentence. Upon any such election by the Limited Partners or the MLP, as the case may be, all Partners shall be bound thereby and shall be deemed to have approved same. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(a) the reconstituted Partnership shall continue until the end of the term set forth in Section 2.7 unless earlier dissolved in accordance with this Article XII;

(b) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be purchased by the successor General Partner or converted into Common Units as provided in the MLP Agreement; and

(c) all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership and to enter into and, as necessary, to file, a new partnership agreement and certificate of limited partnership, and the successor General Partner may for this purpose exercise the power of attorney granted the General Partner pursuant to Section 2.6; provided, that the right to approve a successor General Partner and to reconstitute and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability of the Limited Partners or any limited partner of the MLP and (y) neither the Partnership, the reconstituted limited partnership, the MLP nor any Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of such right to continue.

SECTION 12.3 Liquidator.

Upon dissolution of the Partnership, unless the Partnership is continued under an election to reconstitute and continue the Partnership pursuant to Section 12.2, the General Partner shall select one or more Persons to act as Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by a majority of the Limited Partners. The Liquidator (if other than the General Partner) shall agree not to resign at any time without 15 days' prior notice and may be removed at any time, with or without cause, by notice of removal approved by a majority in interest of the Limited Partners. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by at least a majority in interest of the Limited Partners. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein.

SECTION 12.4 Liquidation.

The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to Section 17-804 of the Delaware Act and the following:

(a) Disposition of Assets. The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. The Liquidator may, in its absolute discretion, defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may, in its absolute discretion, distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Discharge of Liabilities. Liabilities of the Partnership include amounts owed to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be distributed as additional liquidation proceeds.

(c) Liquidation Distributions. All property and all cash in excess of that required to discharge liabilities as provided in Section 12.4(b) shall be distributed to the Partners in accordance with, and to the extent of, the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of distributions pursuant to this Section 12.4(c)) for the taxable year of the Partnership during which the liquidation of the Partnership occurs (with such date of occurrence being determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), and such distribution shall be made by the end of such taxable year (or, if later, within 90 days after said date of such occurrence).

SECTION 12.5 Cancellation of Certificate of Limited Partnership.

Upon the completion of the distribution of Partnership cash and property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Partnership shall be terminated and the Certificate of Limited Partnership, and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware, shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

SECTION 12.6 Return of Contributions.

The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

SECTION 12.7 Waiver of Partition.

To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

SECTION 12.8 Capital Account Restoration.

No Limited Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership. The General Partner shall be obligated to restore any negative balance in its Capital Account upon liquidation of its interest in the Partnership by the end of the taxable year of the Partnership during which such liquidation occurs, or, if later, within 90 days after the date of such liquidation.

ARTICLE XIII
AMENDMENT OF PARTNERSHIP AGREEMENT

SECTION 13.1 Amendment to be Adopted Solely by the General Partner.

Each Partner agrees that the General Partner, without the approval of any Partner or Assignee, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is necessary or advisable to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to ensure that no Group Member will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change that, in the discretion of the General Partner, (i) does not adversely affect the Limited Partners in any material respect, (ii) is necessary or advisable to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act) or (B) facilitate the trading of limited partner interests of the MLP (including the division of any class or classes of outstanding limited partner interests of the MLP into different classes to facilitate uniformity of tax consequences within such classes of limited partner

interests of the MLP) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which such limited partner interests are or will be listed for trading, compliance with any of which the General Partner determines in its discretion to be in the best interests of the MLP and the limited partners of the MLP, (iii) is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement or (iv) is required to conform the provisions of this Agreement with the provisions of the MLP Agreement as the provisions of the MLP Agreement may be amended, supplemented or restated from time to time;

(e) a change in the fiscal year or taxable year of the Partnership and any changes that, in the discretion of the General Partner, are necessary or advisable as a result of a change in the fiscal year or taxable year of the Partnership including, if the General Partner shall so determine, a change in the definition of "Quarter" and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(h) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 14.3;

(i) an amendment that, in the discretion of the General Partner, is necessary or advisable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Partnership of activities permitted by the terms of Section 2.4;

(j) a merger or conveyance pursuant to Section 14.3(d); or

(k) any other amendments substantially similar to the foregoing.

SECTION 13.2 Amendment Procedures.

Except with respect to amendments of the type described in Section 13.1, all amendments to this Agreement shall be made in accordance with the following requirements: Amendments to this

Agreement may be proposed only by or with the consent of the General Partner which consent may be given or withheld in its sole discretion. A proposed amendment shall be effective upon its approval by the Limited Partner.

ARTICLE XIV
MERGER

SECTION 14.1 Authority.

The Partnership may merge or consolidate with one or more corporations, limited liability companies, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article XIV.

SECTION 14.2 Procedure for Merger or Consolidation.

Merger or consolidation of the Partnership pursuant to this Article XIV requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation (the "Surviving Business Entity");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partner interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partner interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partner interests, securities or rights are to receive in exchange for, or upon conversion of their general or limited

partner interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 14.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, the effective time shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

SECTION 14.3 Approval by Limited Partners of Merger or Consolidation.

(a) except as provided in Section 14.3(d), the General Partner, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of the Limited Partners, whether at a special meeting or by written consent, in either case in accordance with the requirements of Article XIII. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a special meeting or the written consent.

(b) Except as provided in Section 14.3(d), the Merger Agreement shall be approved upon receiving the affirmative vote or consent of the Limited Partners.

(c) Except as provided in Section 14.3(d), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger pursuant to Section 14.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, in its discretion, without Limited Partner approval, to merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity which shall be newly formed and shall have no assets, liabilities or operations at the time of such Merger other than those it receives from the Partnership or other Group Member if (i) the General Partner has received an Opinion of Counsel that the merger or conveyance, as the

case may be, would not result in the loss of the limited liability of any Limited Partner or any limited partner in the MLP or cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such), (ii) the sole purpose of such merger or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (iii) the governing instruments of the new entity provide the Limited Partners and the General Partner with the same rights and obligations as are herein contained.

SECTION 14.4 Certificate of Merger.

Upon the required approval by the General Partner and the Limited Partners of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

SECTION 14.5 Effect of Merger.

(a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another.

ARTICLE XV
GENERAL PROVISIONS

SECTION 15.1 Addresses and Notices.

Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner at the address described below. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 2.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

SECTION 15.2 Further Action.

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 15.3 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

SECTION 15.4 Integration.

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 15.5 Creditors.

None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

SECTION 15.6 Waiver.

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

SECTION 15.7 Counterparts.

This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

SECTION 15.8 Applicable Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

SECTION 15.9 Invalidity of Provisions.

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

SECTION 15.10 Consent of Partners.

Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

PLAINS ALL AMERICAN INC.

By: /s/ Michael R. Patterson

Name: Michael R. Patterson
Its: Senior Vice President,
General Counsel and Secretary

LIMITED PARTNER:

PLAINS MARKETING, L.P.

By: Plains All American Inc.
Its: General Partner

By: /s/ Michael R. Patterson

Name: Michael R. Patterson
Its: Senior Vice President,
General Counsel and Secretary

EXHIBIT 10.17

APRIL 16, 1999

ASSET SALE AGREEMENT
for the

West Texas Pipeline System
Midland, Crane, Winkler, Ector, Upton and Ward Counties, Texas

BETWEEN

CHEVRON PIPE LINE COMPANY
(As Seller)

and

PLAINS MARKETING, L.P.
(As Buyer)

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ASSET SALE AGREEMENT
West Texas Pipeline System

This ASSET SALE AGREEMENT ("Agreement") is entered into this 16th day of April, 1999 ("Execution Date"), by and between CHEVRON PIPE LINE COMPANY, a Delaware corporation ("Seller") with offices at 1400 Woodloch Forest Drive, The Woodlands, Texas 77380, and PLAINS MARKETING, L.P. a Delaware limited partnership ("Buyer") having its principal place of business at 500 Dallas Street, Ste 700, Houston, Texas 77002.

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, on the terms set forth herein, assets comprised of Seller's West Texas Pipeline System and associated facilities and equipment, as more particularly described in Exhibit "A" attached hereto and made a part hereof;

NOW, THEREFORE, in consideration of the premises and the terms and conditions set forth herein, the parties agree as follows:

1. DEFINITIONS

Unless otherwise specifically stated in the text of this Agreement, the following terms shall have the meaning indicated: (such meanings to be, when appropriate, equally applicable to both the singular and plural forms of the terms defined)

a) "Affected Employee" shall have that meaning set out in Section 23 (a) (iii).

b) "Buyer Indemnitee" shall have that meaning set forth Section 17 (a).

c) "Buyer Liquidated Damages" shall have that meaning set forth in Section 16(b).

d). "Closing" shall have the meaning set forth in Section 4.

e). "Closing Date" shall mean the date for Closing set forth in Section 4(a).

f) "Corrective Action" shall mean any remedial, removal, response, construction, closure, disposal or other corrective action.

g) "Curative Action" shall mean (i) obtaining the consent of the grantor of a Right-of-Way Interest if such consent is required by the agreement creating the Right-of-Way Interest; (ii) obtaining a new or amended agreement for a Right-of-Way Interest if a new or amended agreement is required to remedy a spatial gap in the Right-of-Way Interest, secure approval for any part of the Pipeline Interest located outside of a Right-of-Way Interest boundary to remain outside the boundary or otherwise remedy a lack of compliance with the terms and conditions of an

agreement creating a Right-of-Way Interest; or (iii) any other corrective action resulting in Buyer receiving good and defensible title or right to the Real Property Interests that underlay the Pipeline Interests and are necessary to the operations and maintenance of the Pipeline Interests.

h) "Deposit" shall mean the amount of Six Million and no/100 dollars ($6,000,000.00)

i) "Easement" shall mean that easement to operate and maintain the Pipeline Interests on certain fee property owned by Seller or its affiliates not included in the sale in the form attached hereto as Exhibit "G".

j) "Effective Date" shall mean the date upon which the Closing occurs.

k) "Effective Time" shall mean 7:00am Central Day Light Savings Time on the Effective Date.

l) "Environmental Laws" shall mean any and all laws, statutes, ordinances, rules regulations, orders or determinations of any governmental authority heretofore or currently in effect in any jurisdiction in which any of the Property is located pertaining to (i) the control of certain hazardous substances and pollutants including, without limitation, liquid hydrocarbons, petroleum or petroleum products, or the protection of the air, water or land; (ii) the generation, handling, treatment, remediation, storage, disposal or transportation of solid, gaseous or liquid waste; or (c) exposure to hazardous, toxic or other substances alleged to be harmful.

m) "Environmental Liability" shall mean any and all liabilities, responsibilities, claims, suits, losses and costs (including remediation, removal, response, abatement, clean up, investigation or monitoring costs and any other related cost and expense), causes of action, damages, settlements, expenses, charges, assessments, liens, penalties, pre-judgement and post-judgement interest, attorney, consulting and expert fees incurred or imposed and related to the Real Property or the operation or maintenance of the Pipeline Interests (i) pursuant to any agreement, order, notice, directive, injunction, judgment or similar documents (including settlements) or due to actions taken by Buyer which arise out of or are related to Seller's noncompliance with Environmental Laws, or (ii) pursuant to a claim by any

governmental authority or other person, not a party to this Agreement for damage to natural resources, remediation, or similar costs and expenses incurred by such governmental authority or person pursuant to common law or statute.

n) "Execution Date" shall mean the date first stated on which the parties entered into this Agreement.

o) "Fee" shall mean the real property described in Exhibit C.

p) "Interest" shall mean interest applied at the Interest Rate calculated on the actual number of days elapsed from the day the Deposit was wired to Seller's account to the first to occur of (i) the Closing Date, or (ii) the date this Agreement is terminated; or as otherwise set forth with specificity in this Agreement, whichever is applicable.

q) "Interest Rate"shall mean the lesser of the interest rate announced from time to time by the principal San Francisco, California office of Bank of America N.T.&S.A. as its prime rate or reference rate or the highest rate permitted by applicable law.

r) "Knowledge of Buyer" shall mean to the actual knowledge of Mark Shires, Troy Valenzuela and Joan Demond.

s) "Knowledge of Seller" shall mean to the actual knowledge of B. Butler, W. J. Jasper, and D. T. Schlattman.

t) "Line Fill" shall mean all of the Shipper-owned crude oil in the custody of CPL and held within the Pipeline Interests at the Effective Time.

u) "Material Defect" shall have the meaning set forth in Section 8(b).

v) "Mesa Midland Header Lease Agreement" shall mean an agreement mutually acceptable to Seller and Buyer which shall include the following terms and conditions:

(i) Seller will lease to Buyer up to 115,000 barrels per day capacity in Seller's undivided interest in the main header at the Mesa Midland Station in order to accommodate Buyer's deliveries from Buyer's tankage and leased tank working capacity at Mesa Midland Station to connecting carriers;

(ii) The lease will have a twenty (20) year term with the option to extend on a year to year basis if both parties mutually so agree, and shall contain a Seller non-compete provision for the Mesa Midland pump-over service during the term of the lease;

(iii) There will be a $10.00 per year fee for the lease.

w) "Permitted Encumbrances" shall mean any of the following:

(i) liens for taxes or assessments not yet due or delinquent or, if delinquent, that are being contested in good faith in the normal course of business;

(ii) all rights to consent by, required notices to, filings with, or other actions by governmental entities in connection with the sale or conveyance of oil pipelines or interests therein, if the same are customarily obtained subsequent to such sale or conveyance, Seller has no reason to believe they cannot be obtained and failure to obtain will not interfere with or limit the operation or use of the Pipeline Interests by Buyer;

(iii) easements, road-use agreements, rights-of-way, servitudes, permits, surface leases and other rights in respect of surface operations, that do not materially interfere with Buyer's operation or use of the Property;

(iv) zoning, planning and environmental laws to the extent valid and applicable to the Property;

(v) liens of carriers, warehousemen, mechanics, workers, material suppliers or other providers of materials or services arising by operation of law in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due.

x) "Pipeline Interests" shall mean that portion of Seller's West Texas Pipeline System, as well as associated pumps, meters, valves, controls, cathodic protection equipment, tanks, and other fixtures, vehicles, equipment and tangible personal property used in or incidental to the operation and maintenance of the West Texas Pipeline System as more particularly described in Exhibit A attached hereto and made a part hereof.

y) "Property" shall mean the Pipeline Interests, Right-of-Way Interests, Fee, Records, Transferable Contracts and Software License.

z) "Prospective Employees" shall have that meaning set forth in Section 23(a)(i).

aa) "Purchase Price" shall have that meaning set forth in Section 3 (a).

bb) "Real Property Interests" shall mean the Fee, the Right-of-Way Interests, and all other rights and interests in real property including, but not limited to the below-ground and above-ground Pipeline Interests which are classified as real property under Texas law.

cc) "Records" shall mean all of Seller's files, records, information and materials relating to the ownership, operation or maintenance of the Pipeline Interests, Right-of-Way Interests, and Fee that are necessary for the current operation and maintenance of the Pipeline Interests and which Seller is not prohibited from transferring to Buyer by law or existing contractual relationship as more specifically set out in Exhibit "P".

dd) "Remaining Employees" shall mean the Prospective Employees who do not become Affected Employees.

ee) "Repair Liability" shall mean a defect in the Pipeline Interests which without repair would result in (i) the immediate inability to operate all or a part of the Pipeline Interests due to mechanical malfunction or lack of pipeline integrity, or (ii) the requirement to lower operating pressure unless and until a repair is affected, or (iii) the obligation to make a physical repair or modification to the system to achieve compliance with laws, rules or regulations and accepted industry standards governing oil pipeline and storage facilities.

ff) "Right-of-Way Interests" shall mean all of those certain right-of-way interests in real property underlying the Pipeline Interests which interests are created by agreements, including but not limited to permits, franchises, easements, leases, licenses and other agreements, as more particularly described in Exhibit B attached hereto and made a part hereof.

gg) "SCADA Lease" shall mean that six month lease under which Seller shall remotely operate the West Texas Pipeline System for Buyer which operation shall include but not be limited to coordination with Buyer's scheduling and oil movements personnel to implement scheduled and unscheduled receipts, deliveries, storage and use of the Pipeline Interests, the major responsibilities of which are set out in Exhibit "O" attached hereto.

hh) "Seller Indemnitee" shall have that meaning set forth in Section 15 (b).

ii) "Seller Liquidated Damages" shall have the meaning set forth in Section 16(a).

jj) "Settlement Statement Accounting" shall mean a financial statement done as soon as reasonably practical but within one hundred twenty (120) days of Closing for the purpose of making a post closing adjustment to the Purchase Price for the following:

i). a decrease in the Purchase Price to the extent that the value of the Linefill is less than the value shown in the shipper accounts due to discrepancies in quality or quantity resulting in a net loss to a shipper or shippers on the West Texas Pipeline System as more particularly set out in Section 2(b);

ii). An increase in the Purchase Price if actual transfer taxes or other charges specified in Section 3(e)(i) are greater than the amount estimated or a decrease if less than the amount estimated;

iii). An increase or a decrease to the Purchase Price for any tariff revenues collected by one party but attributable to the account of the other party; and

iv). An increase or a decrease to the Purchase Price for any adjustments required by Section 32(a).

kk) "Software License" shall mean a non-exclusive license to Buyer to use Seller's software nomination program and its archived and historical database for a period of 120 days from the Effective Date, at no cost to Buyer.

ll) "Tank Capacity Lease Agreement" shall mean an agreement mutually acceptable to Seller and Buyer which shall include the following terms and conditions:

(i) Seller will lease to Buyer up to 200,000 barrels of tank working capacity at the Mesa Midland Station. The tank working capacity leased to Buyer will be limited to 100,000 barrels each of common stream WTI and WTS;

(ii) The volumes delivered to the Mesa Midland Station for storage shall be delivered out in the same calendar month as it was received;

(iii) The lease will have a five (5) year term;

(iv) The fee for this lease shall be $10.00 per year.

mm) "Transferable Contracts" shall mean all of Seller's licenses, permits, authorizations, contracts and agreements related to and necessary for the operation and maintenance of the Pipeline Interests which Seller is not prohibited from transferring to Buyer by law or existing contractual relationship, as more particularly set out in Exhibit H.

2. PURCHASE AND SALE OF ASSETS

a) Seller shall sell, assign, transfer, and convey to Buyer at Closing (as defined in Section 4, CLOSING) all of Seller's right, title, and interest in the following assets:

i) The Pipeline Interests;

ii) The Right of Way Interests;

iii) The Fee;

iv) The Easement;

v) The Records, but not the files, records, information and materials relating to the Pipeline Interests that Seller is prohibited from transferring which are described in Exhibit "M" hereto;

vi) The Transferable Contracts but not the contracts and agreements that are related to the operation and maintenance of the Pipeline Interests which Seller is prohibited by law or existing contractual relationship from transferring which are set out in Exhibit "L" hereto, or those Transferable Contracts identified by Buyer pursuant to written notice to Seller no later than ten (10) business days prior to Closing for which Buyer does not wish to receive an assignment.

vii) The Software License.

viii) The SCADA Lease.

b) Seller shall transfer to Buyer at Closing custody of the Line Fill, along with all related Line Fill and Shipper accounting records. In the event the transferred crude oil does not conform in quantity and quality to Seller's shipper accounting records a post Closing adjustment shall be made to the Purchase Price and reflected in the Settlement Statement Accounting to be provided pursuant to Section 32(a)(ii). Notwithstanding the foregoing, no Purchase Price adjustment shall be made for the

West Coast Heavy Crude diverted in February, 1999 by Plains All American Pipeline, L.P.. to Seller's Tank Nos. 1644 and 1645 located at the Wink East Station resulting in the contamination of West Texas Sour ("WTS") in Seller's custody, for which Buyer shall assume all liability to the affected shippers. The Line Fill shall be measured and valued as follows: (i) Meter tickets will be pulled and tank volumes will be determined at the Effective Time; (ii) volumes will be corrected to a temperature of sixty degrees (60) Fahrenheit, less deductions for impurities, in accordance with the latest API/ASTM measurement standards, and at equilibrium vapor pressure; (iii) meter tickets reflecting all oil delivered out of the system through the first full month of operation shall be retained by Buyer. Any discrepancies that exist between the Line Fill transferred to Buyer's custody and that shown in shipper Line Fill accounts, except as specifically excepted above, that result in a net loss to a shipper or shippers will be valued at Platt's average spot prices for WTS or West Texas Intermediate ("WTI") if such loss is crude oil of WTS or WTI quality, and at a mutually agreed delivery price for West Coast Sour if such crude oil is of West Coast Sour quality, on the Effective Date.

3. PURCHASE PRICE AND DEPOSIT

a) Subject to Closing and post-Closing adjustments, the purchase price for the Property shall be Forty Million Five Hundred Thousand and No/100 Dollars ($40,500,000.00) (the "Purchase Price").

b) Buyer shall deliver the Deposit to Seller's qualified exchange intermediary, Salix Equity Exchange, Inc. on the next business day following execution of this Agreement. The Deposit shall be paid in United States dollars in immediately available funds by wire transfer to the following wire instructions:

Union Bank of California, San Francisco, California
ABA # 1220-0049-6
Attn: Domestic Custody
Further Credit to Salix Equity Exchange, Inc., Ref. #1
Client Account No. 250027150-01
Attn: Sue Kambara or Moon Lee (415) 296-6763

c) Seller need not segregate the Deposit in a separate account, and shall not hold the Deposit in trust. If the Closing occurs, the principal amount of the Deposit together with Interest on the Deposit, shall be credited against the Purchase Price, as a Purchase Price adjustment.

d) In the event that Closing does not occur and Seller is required to return the Deposit as provided for in this Agreement, Seller shall wire transfer the Deposit plus Interest (adjusted for Liquidated Damages if applicable) to Buyer no later than five (5) business days of demand by Buyer. The refunded amount shall be paid in United States dollars in immediately available funds by wire transfer to the credit of

Buyer, Account No. 560-96260 at BankBoston, N.A., Boston, Massachusetts, A.B.A. # 011000390.

e) On the Closing Date, Buyer shall pay to Seller, according to Seller's wire instructions to be provided to Buyer at least five (5) business days prior to Closing, the balance of the Purchase Price, Thirty-four Million Five Hundred Thousand and No/100 Dollars ($34,500,000.00), plus

(i) an increase in the Purchase Price equal to the estimated costs for any transfer taxes, sales and gross receipt taxes on the tangible personal property, and such other charges necessary to transfer the Property, if any, paid by Seller, plus

(ii) a decrease for the amount of Interest accrued on the Deposit, plus

(iii) a decrease for any loss of less than Five Hundred Thousand dollars ($500,000.00), in the aggregate, due to casualty or condemnation to the extent that Buyer does not receive proceeds from insurance or condemnation;

4. CLOSING

a) The closing of the transaction contemplated hereby ("Closing") shall occur when the Purchase Price is paid to Seller and the conveyancing instruments referred to in Section c) below are delivered to Buyer. Closing shall take place no later than 90 days from the Execution Date of this Agreement or the next business day following ten (10) days after Buyer and Seller have satisfied all of the conditions and received the governmental approvals contemplated by Section 25 herein, whichever is later (the "Closing Date"), unless mutually extended by both parties, and shall take place at 1400 Woodloch Forest Drive, The Woodlands, Texas 77380 or other location and date mutually agreed upon between the parties.

b) If the Closing does not take place within one hundred twenty (120) days from the Execution Date for any reason then this Agreement shall terminate and neither party shall have any further obligation to the other party, except for the return of Buyer's Deposit with Interest and the payment of Liquidated Damages, if applicable.

c) On the Closing Date, Seller shall take all such action and execute and deliver to Buyer the following:

i) A Bill of Sale for conveyance of the Pipeline Interests which are tangible personal property and Records in its possession including Linefill and shipper accounting records in the form attached hereto as Exhibit D;

ii) A Pipeline Deed And Assignment Of Right-of-Way Interests for conveyance of the real property Pipeline Interests and the Right-of-Way Interests in the form attached hereto as Exhibit E. Within said Pipeline Deed And Assignment Of Right-of-Way Interests Seller shall retain a non-exclusive license to enter upon any and all Real Property Interests conveyed to Buyer by the Pipeline Deed And Assignment Of Right-of-Way Interests for the purpose of performing its obligations under this Agreement;

iii) A Corporation Grant Deed for the Fee in the form attached hereto as Exhibit F. Within said Corporation Grant Deed Seller shall retain a non-exclusive license to enter upon any and all Real Property Interests conveyed to Buyer by the Corporation Grant Deed for the purpose of performing its obligations under this Agreement;

iv) An Easement to operate and maintain the Pipeline Interests on certain fee property that will not be included in the sale in the form attached hereto as Exhibit G; and

v) An Assignment of the Transferred Contracts in the form attached hereto as Exhibit H.

vi) A statement of estimated closing charges and accounting of funds received from Buyer, a copy of which shall be provided to Buyer ten (10) days prior to Closing.

vii) A non-exclusive Software License.

viii) A title insurance policy covering the Fee, issued by a title company acceptable to both Seller and Buyer, in the face amount of the appraised value of the Fee and containing reasonable and customary exceptions to title, at Seller's sole cost and expense, or, at Seller's option, a General Warranty of Title from Seller which General Warranty shall be incorporated into the Corporation Grant Deed.

ix) The Mesa Midland Header Lease Agreement.

x) The Tank Capacity Lease Agreement.

xi) An officer's certificate of Seller in a form reasonably satisfactory to Buyer to the effect that, to such officer's actual knowledge the representations,

warranties and limited warranties contained in Section 10 and Section 11 are true and correct in all material respects on the Closing Date.

d) On the Closing Date Buyer shall execute and deliver to Seller an officer's certificate of Seller in a form reasonably satisfactory to Seller to the effect that, to such officer's actual knowledge the representations and warranties contained in Section 12 are true and correct in all material respects on the Closing Date.

e) Buyer and Seller shall take all such action and execute and deliver such other documents as may be necessary to effectuate the transfer and assignment of the Property.

f) Buyer shall be entitled to possession of the Property upon the Closing Date following payment of the Purchase Price as set forth in Section 3 (PURCHASE PRICE AND DEPOSIT) and Closing of the transaction.

5. TITLE

a) Other than as may be set forth in the Corporation Grant Deed, Seller makes no general warranties of title to the Real Property Interests it sells and agrees to sell only such interest or interests, if any, as it may own in the Real Property Interests. Buyer shall, at its own expense, conduct such examination of title as it deems appropriate and shall either accept title and proceed with the purchase or notify Seller of its intent to terminate this Agreement based on a Material Defect in title, pursuant to Section 8.

b) The property files shall be made available as soon as practical and Buyer shall have sixty (60) days from the date that the property files which contain legal descriptions of the Real Property Interests listed on Exhibits "B" and "C" are made available to Buyer to conduct such title examination as it may desire and within which to confirm in writing its desire to terminate this Agreement based upon a Material Defect in title pursuant to Section 8. If no Material Defects exist but Curative Actions are required, Buyer shall provide Seller with written notice of the Real Property Interests requiring Curative Actions and upon Seller's request, Buyer shall also provide Seller with the results of any such examination of title including any title reports.

6. RIGHT-OF-WAY INTERESTS

a) Seller is the owner of certain Right-of-Way Interests in real property underlying the Pipeline Interests, but said Right-of-Way Interests may not underlie all of the Pipeline Interests. Seller shall grant to Buyer assignments of the Right-of-Way Interests subject to the aforementioned possible gaps.

b) The Right-of-Way Interests being transferred to Buyer herein are more particularly described in Exhibit B hereto.

c) Buyer acknowledges that it is receiving from Seller only the interest that Seller has in said Right-of-Way Interests and that Seller has not represented or warranted that it has an interest in the entire length of the real property underlying the Pipeline Interests, provided however, Seller shall take commercially reasonable and diligent steps, as more particularly set out in Section 6(e) and Section 8, to remedy spatial gaps where it has no property rights or undertake Curative Actions where Seller is not otherwise in compliance with the agreements creating the Right-of-Way Interests underlying the Pipeline Interests.

d) Buyer and Seller acknowledge that the Right of Way Interests shown in Exhibit B may require consent of the landowner prior to assignment, and that Seller shall use commercially reasonable and diligent efforts to obtain all of said consents. Closing is contingent upon Seller either (i) obtaining the grantor's written consent to Seller's assignment of the right-of-way agreements set forth in Exhibit B, or (ii) Seller completing all required Curative Actions for the Right of Way Interests or (iii) Seller's and Buyer's agreement to proceed to Closing and the pursuit of Curative Actions after Closing, pursuant to Section 8.

e) Seller shall use commercially reasonable and diligent efforts to obtain said consents or new or amended right-of-way agreements within 60 days from the day the property files specified in Section 5 (b) are tendered to Buyer. Any payment obligation imposed by any grantor, in order to gain consent, effect an assignment of the Right-of-Way Interests, to replace or amend an existing right-of-way agreement or related to other Curative Actions, will be paid by Seller at the time said payment obligations become due to each applicable grantor, subject, however, to the limitations set forth in Section 8(b).

7. FEE PROPERTY

In addition to the Right-of-Way Interests specified in Section 6 (RIGHT-OF-WAY INTERESTS), Seller or its affiliate is the owner of real property underlying the Pipeline Interests, some of which is not included in this sale. All the Fee property to be included in the sale is described on Exhibit "C." Seller shall grant or cause to be granted to Buyer, its successors and assigns, at no additional cost to Buyer an Easement for that portion of the Pipeline Interests that traverses property owned by Seller or affiliates of Seller which is excluded from the sale. The Easement shall be in the form as shown on Exhibit "G" to this Agreement.

8. TERMINATION FOR MATERIAL DEFECT

a) In the event that, thirty (30) days prior to Closing, the sum of the actual and good faith estimated cost to complete all Curative Actions undertaken by Seller or requested by Buyer is, in the aggregate, less than Five Hundred Thousand dollars ($500,000.00), Buyer and Seller shall be obligated to proceed to Closing and Seller

shall be obligated, at Seller's expense, to complete all Curative Actions prior to Closing or as soon thereafter as is reasonably practical.

b) In the event that the sum of the estimated and actual cost for Curative Actions undertaken by Seller or requested by Buyer, exceeds, in the aggregate, Five Hundred Thousand dollars ($500,000.00) such amount constituting a material defect ("Material Defect"), Seller or Buyer may elect to terminate this Agreement by notifying the other party in writing of its intent to terminate due to said Material Defect. If Seller elects to terminate this Agreement based upon such Material Defect, Buyer may, at its sole option, agree to be obligated for any and all further Curative Actions and Seller shall be obligated to proceed to Closing under the terms of this Agreement. If Seller and Buyer do not elect to terminate this Agreement based upon such Material Defect, Buyer shall be obligated to proceed with the purchase under the terms of this Agreement and Seller shall complete all Curative Action, at Seller's cost and expense, prior to Closing or as soon as practical thereafter or Seller may elect by written notice to Buyer to defer any and all Curative Actions in return for providing Buyer with indemnity for damages arising as a result of Seller's failure to complete the deferred Curative Actions. If Buyer elects to terminate this Agreement, or if Seller elects to terminate this Agreement and Buyer does not elect to be obligated for any and all further Curative Actions, this Agreement shall terminate. If this Agreement is terminated pursuant hereto the Deposit, with Interest, shall be returned to Buyer and neither party shall have any further obligation to the other party.

c) For a period of five years from and after the Closing Date, should Buyer identify the need for Curative Action regarding the Right-of-Way Interests and said Curative Action would have been required to provide Buyer with good and defensible title on the Closing Date, Buyer shall notify Seller in writing of the nature and location of the condition requiring Curative Action. Seller, at Seller's sole cost and expense, shall diligently undertake the Curative Action as necessary to remedy such condition, or Seller shall provide Buyer with written notice of Seller's election to defer the Curative Action in return for Seller providing Buyer with indemnity for any and all damages, including punitive damages asserted by third parties, not a party to this Agreement, arising as a result of Seller's failure to complete the deferred Curative Actions. At the expiration of five years, except for those conditions for which Seller has received written notice from Buyer or for which Seller has undertaken to indemnify Buyer within the five year time period, Seller shall have no further obligation, duty or responsibility to perform Curative Actions or to indemnify Buyer.

d) Buyer agrees to cooperate with Seller in furtherance of Seller's efforts to perform Curative Actions, including but not limited to, Buyer filing and pursuing condemnation actions when reasonably requested by Seller and at Seller's cost. Subject to the limitations set forth above in Section 8(c), Seller shall hold Buyer harmless from and against any and all costs, expenses, demands, damages or causes of action resulting from or related to (i) Seller's failure to have Right-of-Way

Interests underlying the Pipeline Interests, (ii) the presence of spatial gaps in the Right-of-Way Interests, (iii) Seller's failure to comply with the agreements creating the Right-of-Way Interests, or (iv) Seller's Curative Actions.

e) Seller may not defer Curative Actions under Section 8(b) and 8(c) if such deferral would result in loss of the right to utilize the Pipeline Interest on the property for which Curative Actions have been requested.

9. DAMAGE OR CONDEMNATION PRIOR TO CLOSING

Seller shall promptly notify Buyer of any casualty to the Property or any condemnation proceeding commenced prior to the Closing. If any such damage or proceeding relates to or may result in the loss of any material portion of the Property ("material" shall mean in excess of Five Hundred Thousand Dollars [$500,000.00] in value), Buyer may, at its option, elect to (a) terminate this Agreement, in which event Seller shall refund the Deposit with Interest, and neither party shall have any further rights or obligations hereunder, or (b) with regard to condemnation, continue the Agreement in effect, in which event upon the Closing, Buyer shall be entitled to any compensation, awards, or other payments or relief resulting from such condemnation proceeding whether payment is made before or after Closing or (c) with regard to casualty, Buyer shall be entitled to either the insurance proceeds or other payment resulting from such casualty or a reduction in the Purchase Price by the amount required to restore the property to the condition that existed prior to the casualty loss. To the extent that the parties cannot agree to the cost to restore the property, the parties shall mutually agree to a third party appraiser who shall render an appraisal of the cost to restore the property which appraisal shall be conclusive and binding for all purposes. If Buyer elects to terminate this Agreement based upon such loss, Seller may at its option repair or replace such Property to substantially the same condition as existed prior to such loss within thirty (30) days after receipt of Buyer's election to terminate, and if such cures are effected, Buyer shall be obligated to proceed with the purchase under the terms of this Agreement without a right to compensation or payment and without a Purchase Price adjustment. If Seller does not elect to cure or, elects to cure but such cure cannot be affected within thirty (30) days, and Buyer does not elect to proceed with the purchase of the Property due to the damage to or loss of the Property through casualty or condemnation proceedings, this Agreement shall terminate. In the event of casualty or condemnation that does not result in a material loss of Property, Seller shall not be obligated to repair or replace the Property and Buyer shall not have the right to terminate, provided however, Seller shall compensate Buyer to the extent that it receives insurance proceeds or a condemnation award, or, if not compensated or not fully compensated, such damage or loss shall be a Purchase Price Adjustment.

10. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Buyer as follows:

a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power to carry on its business as it is now being conducted.

b) Seller has the corporate power and authority to make and carry out this Agreement and to be bound by any and all terms and conditions hereof. All necessary corporate action on the part of Seller required for the authorization, the execution and delivery of this Agreement and the consummation of the transactions provided for herein has been duly taken.

c) Seller is not a "foreign person" as such term is used in Section 1445 of the Internal Revenue Code ("IRC 1445").

d) Seller is qualified to do business and is in good standing in the State of Texas.

e) Except as disclosed to Buyer in the attached Exhibit "K", as it may be amended from time to time up to the Closing Date, there are no threatened or pending claims, demands, suits or other legal proceedings including governmental and administrative actions related to the ownership, design, use, operation or maintenance of the Property or the transactions contemplated by this Agreement.

11. SELLER'S ADDITIONAL REPRESENTATIONS AND LIMITED WARRANTY

Seller represents and warrants to Buyer to the extent, but only to the extent set forth below in Section 11(m), as follows:

a) Except as disclosed to Buyer in the attached Exhibit "K", as it may be amended from time to time up to the Closing Date, the agreements creating the Right-of-Way Interests are in full force and effect, there are no material defaults by Seller or events that with notice or the lapse of time, or both, would constitute a material default of said agreements by Seller; and Seller has not received any notice to either remove or relocate any part of the Pipeline Interest or that any party to any of the agreements creating the Right-of-Way Interests intends to terminate such agreement.

b) Except as disclosed to Buyer in the attached Exhibit "K", as it may be amended from time to time up to the Closing Date, the Transferable Contracts are transferable and in full force and effect. There are no material defaults by Seller under the Transferable Contracts, or events that with notice or the lapse of time, or both, would constitute a material default of the Transferable Contracts by Seller; and Seller has not received any notice that any party to any of the Transferable Contracts intends to terminate such agreement.

c) Except as disclosed to Buyer in the attached Exhibit "K", as it may be amended from time to time up to the Closing Date, Seller has good and defensible title to the Real Property Interests; Seller has not conveyed any right, title or interest in the Property to any third party; the Property owned by Seller is free and clear of

mortgages, mechanics' liens and other forms of security interests securing the financial obligations of Seller, or that are Permitted Encumbrances; or, if such liens exist, they have been bonded or secured against.

d) Except as disclosed to Buyer in the Attached Exhibit "K", as it may be amended from time to time up to the Closing Date, on the Closing Date the Property is not considered a "wetland" or located in a "flood zone", to the Knowledge of Seller, does not contain naturally occurring Radioactive Material ("NORM") as defined in Section 13(d).

e) Except as disclosed to Buyer in the Attached Exhibit "K", as it may be amended from time to time up to the Closing Date, the assets that are currently utilized in the operation of the Pipeline Interests, all of which are included in Exhibit "A", are in working order and serviceable condition on the Closing Date.

f) As of the Execution Date of this Agreement Seller has conducted Year 2000 compliance tests for Programmable Logic Control's ("PLC's") and Human/Machine Interfaces ("HMI's") as listed in Exhibit "N". As a result of said compliance tests the following equipment was found to be non-compliant: (1) Wonderware HMI at Keystone Station (Serial Number 73279), (2) Wonderware HMI at Monahans Station (Serial Number 71264), (3) RTMS HMI for the Crane Crude System. Seller will replace or modify the aforementioned non-compliant equipment prior to the Closing Date of this Agreement. To the Knowledge of Seller, Seller has disclosed to Buyer all known material Year 2000 issues related to the Property.

g) Except as disclosed to Buyer in the Attached Exhibit "K", as it may be amended from time to time up to the Closing Date, none of the records or contracts which Seller is prohibited from transferring and which are more particularly set out in Exhibits "L" and "M" are reasonably necessary for the operation or maintenance of the Property.

h) As of the Closing Date the Pipeline Interests have only been utilized for oil gathering and oil transportation services with the exception of the following :

i) A portion of the Keystone to Wink pipeline was previously used to transport butane to a gas plant in Kermit;

ii) A portion of the Wickett gathering system was previously in natural gas service.

i) Except as disclosed to Buyer in Exhibit "K", as it may be amended from time to time up to the Closing Date, Seller's operation of the Property is in substantial compliance with all federal, state and local statutes, laws, ordinances, regulations, rules, judgements, orders and decrees.

j) Except as disclosed to Buyer in Exhibit "K", as it may be amended from time to time up to the Closing Date, Seller is in substantial compliance with all permits, licenses and other authorizations reasonably necessary to the operation of the Pipeline Interests and that such permits, licenses and authorizations are transferable to Buyer.

k) Except as disclosed to Buyer in Exhibit "K", as it may be amended from time to time up to the Closing Date, Seller is in substantial compliance with all Environmental Laws and all health and safety laws, rules and regulations regarding the Property; Seller is not subject to any pending or threatened enforcement action or investigations regarding the Property; there are to the Knowledge of Seller no material Environmental Liabilities on or related to the Property; and, with the exception of attorney work product or documents subject to attorney client privilege (but not the underlying factual information and data), Seller has made available to Buyer all of the files, records and documents in its possession regarding the environmental condition of the Property.

l) Except as specifically set forth in this Agreement, Seller makes no representation or warranty whatsoever as to operative or proposed governmental laws and regulations (including, but not limited to, zoning, environmental, and land use laws and regulations) to which the Property may be subject. Buyer acknowledges that Buyer has entered into this Agreement on the basis of Buyer's own review and investigation of the applicability and effect of such laws and regulations and except for the representations and warranties of Seller set forth in this Agreement, that Buyer assumes the risk that adverse matters may not have been revealed by Buyer's investigation.

m) IF SUBSEQUENT TO THE CLOSING DATE, BUT PRIOR TO FIVE (5) YEARS AFTER THE CLOSING DATE, BUYER BECOMES AWARE OF FACTS THAT CONTRADICT THE SELLER'S REPRESENTATIONS AND LIMITED WARRANTIES AS SET FORTH ABOVE IN THIS SECTION 11, SUCH THAT SELLER'S REPRESENTATION OR LIMITED WARRANTY IS NO LONGER TRUE OR CORRECT IN ALL MATERIAL RESPECTS CONSTITUTING A MISREPRESENTATION, SELLER SHALL REIMBURSE TO BUYER THE ACTUAL COSTS OR DAMAGES INCURRED BY BUYER TO CORRECT THE FACTORS UNDERLYING THE MISREPRESENTATION BY SELLER WHICH EXCEED IN THE AGGREGATE TWO HUNDRED AND FIFTY THOUSAND DOLLARS ($250,000.00) (THE AGGREGATE OF COSTS AND DAMAGES UP TO $250,000.00 SHALL BE BUYER'S RESPONSIBILITY) AND UP TO, BUT NOT TO EXCEED, A TOTAL AGGREGATE COST TO SELLER OF FIVE MILLION DOLLARS ($5,000,000.00). ANY COSTS AND DAMAGES INCURRED BY BUYER WHICH EXCEED FIVE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS ($5,250,000.00) SHALL BE THE RESPONSIBILITY OF BUYER. THE FOREGOING PAYMENTS TO

BE MADE BY SELLER TO BUYER SHALL CONSTITUTE BUYER'S SOLE REMEDY AS AGAINST SELLER FOR MISREPRESENTATIONS, WHETHER MATERIAL OR IMMATERIAL, MADE BY SELLER PURSUANT TO THIS SECTION 11. NOTWITHSTANDING THE FOREGOING, THIS PROVISION DOES NOT APPLY TO THE BREACH OF SECTIONS 11(i) OR 11(j) TO THE EXTENT THAT NONCOMPLIANCE CREATES AN ENVIRONMENTAL LIABILITY, OR SECTION 11(k), THE REMEDIES FOR ALL WHICH ARE GOVERNED BY SECTION 18(a), OR TO BREACHES UNDER SECTIONS 11(a) AND (c) WHICH ARE GOVERNED BY SECTION 8.

12. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Seller the following:

a) Buyer is a partnership duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite powers to carry on its business as it is now being conducted.

b) Buyer has the power and authority to make and carry out this Agreement and to be bound by any and all terms and conditions hereof. All necessary partnership action on the part of Buyer required for the authorization of the transaction provided for herein has been duly taken.

c) Buyer is qualified to do business in the State of Texas.

d) Buyer is not a "foreign person" as such term is used in Section 1445 of the Internal Revenue Code ("IRC 1445").

e) Buyer or the affiliate of Buyer to whom this Agreement is assigned under Section 32(b), whichever closes the transaction contemplated by this Agreement, has sufficient financial resources to pay the Purchase Price that are not contingent and to fulfill its obligations as specified in this Agreement.

f) Buyer is and has been since its inception engaged primarily in the business of transporting oil and owning interests in and operating oil pipelines.

g) Buyer is an experienced and knowledgeable investor in the oil and gas business. Prior to entering into this Agreement Buyer was advised by its own legal, tax and other professional counsel concerning this Agreement, the Property and the value thereof. Buyer is aware of the risks and uncertainties of an investment in oil pipelines. Nothing contained in the foregoing provisions of this paragraph however shall change the substance of or the effect of the representations, warranties and limited warranties of Seller set forth in this Agreement.

h) Buyer has disclosed to Seller in writing any and all material matters, discovered by Buyer prior to Closing Date, or of which Buyer has otherwise acquired knowledge prior to Closing, which should have been disclosed as an amendment to Exhibit "K", but has not been so disclosed, at least ten (10) days prior to the Closing Date or immediately upon Knowledge of Buyer of such matter if it becomes known or discovered by Buyer subsequent to the ten (10) days before the Closing Date.

13. BUYER'S INVESTIGATION AND RIGHT TO CANCEL

a) Subject to the provisions of Section 15 (BUYER'S RIGHT OF ENTRY) of this Agreement, Buyer may, at its option, conduct physical inspections and health, environmental and safety evaluations of the Property (the "HES Evaluation"), solely for the purpose of Buyer's verification of the operational and physical integrity, health, environmental and safety condition of the Property. If the HES Evaluation discloses conditions that are likely to result in Repair Liabilities or Environmental Liabilities which are of a nature that requires repair or cleanup and are of such a substantial magnitude as to warrant a cost of repair or cleanup in the aggregate in excess of One Million Dollars ($1,000,000.00), then Buyer may elect to cancel this Agreement by providing Seller with a copy of the HES Evaluation together with written notice of such election no later than the later of ten (10) days after Seller is presented the internal inspection results in Section 15 (a) or ninety (90) days after the Execution Date of this Agreement. In no case shall Buyer be entitled to avail itself of an option to cancel this Agreement under the provisions of this Section 13 if Buyer is indemnified for the costs of the repair or cleanup or otherwise not obligated to incur the costs. Should Buyer terminate this Agreement pursuant to this Section, Seller shall refund the Deposit with Interest, as well as the reasonable costs associated with Buyer's discovery of the Repair Liability or the Environmental Liability, and neither party shall have any further rights or obligations hereunder.

b) Any Repair Liability or Environmental Liability not known to Seller which Buyer discovers during its investigation under this Section, shall be disclosed in writing to Seller prior to Closing. If such Repair Liability or Environmental Liability discovered by Buyer are of a nature that requires repair or cleanup and are of such a substantial magnitude as to warrant a cost of repair or cleanup in the aggregate in excess of One Million Dollars ($1,000,000.00), Seller, in its sole discretion, may elect to terminate this Agreement, prior to Closing and within twenty (20) days of receipt of the above disclosure from Buyer. In no case shall Seller be entitled to avail itself of an option to cancel this Agreement under the provisions of this Section 13 if the Repair Liability or Environmental Liability were known to Seller on or before the Execution Date of this Agreement, if Seller is indemnified for such costs or otherwise not obligated to incur the costs, or if Buyer has agreed to assume responsibility for the repair or cleanup. Should Seller terminate this Agreement pursuant to this Section, Seller shall immediately refund Buyer's Deposit with Interest and the reasonable costs associated with Buyer's discovery of the Repair

Liability or Environmental Liability, and neither party shall have any further rights or obligations hereunder.

c) Buyer acknowledges that (i) Buyer at Closing will acquire the Property on the basis of it's own investigation of the physical condition of the Property and assumes the risk that adverse conditions outside the scope of Seller's representations, warranties, limited warranties and indemnities set forth in this Agreement may not be revealed by Buyer's own investigation, (ii) EXCEPT FOR AND TO THE EXTENT THAT MATTERS ARE ADDRESSED IN SELLER'S REPRESENTATIONS, WARRANTIES, LIMITED WARRANTIES, AND INDEMNITIES, BUYER IS ACQUIRING THE PROPERTY "AS IS WHERE IS," "WITH ALL FAULTS" AND WITHOUT WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE AND WITHOUT ANY WARRANTIES EXPRESS OR IMPLIED WHICH EXTEND BEYOND THE FACE OF THIS AGREEMENT, AND (iii) EACH PARTY'S REMEDIES AGAINST THE OTHER AND LIABILITIES TO THE OTHER FOR CONDITIONS ASSOCIATED WITH THE TRANSFERRED PROPERTY ARE LIMITED TO THOSE PROVIDED IN THIS AGREEMENT.

d) Buyer acknowledges that Seller has informed Buyer that the Property: (i) could contain asbestos or other hazardous material as established by the Environmental Protection Agency, Department of Environmental Quality, or other governmental agencies; (ii) might contain petroleum products; (iii) might contain Naturally Occurring Radioactive Material ("NORM"); (iv) might be considered as a "Wetland" as defined in the "Federal Manual for Determining Jurisdictional Wetland" or by some other governmental rules or regulations; (v) may be located in a "Flood Zone" as defined by the U.S. FEMA Mapping System or other governmental agencies; and therefore, Buyer waives any present or future claim or cause of action against Seller arising from the conditions discussed herein, other than as may be provided in Section 11(m) or Section 17 and Section 18. This provision shall survive the Closing.

e) On the Closing Date, Buyer shall assume all risk that the Property may contain wastes or contaminants and that adverse physical conditions, including the presence of wastes or contaminants, may not have been revealed by Buyer's investigation other than as may be provided in Section 11(m) or Section 17 and Section 18. This provision shall survive the Closing.

f) On the Closing Date, all responsibility and liability related to disposal, spills, leaks, waste, or contamination on and below the Property shall be transferred from Seller to Buyer subject to Section 17 and Section 18. This provision shall survive the Closing.

g) Except as disclosed to Buyer in Section 11 (f) herein, Buyer expressly acknowledges and agrees that: (1) Seller either has not assessed, or, if it has

assessed, has not (or may not have or not fully have) modified, replaced or otherwise remediated the Property being sold, including any components thereof or systems related thereto or embedded therein, to determine whether they are Year 2000 or Date Compliant, as defined herein. (2) IF ANY PORTION OF THE PROPERTY IS NOT YEAR 2000 OR DATE COMPLIANT, ITS ABILITY TO FUNCTION OR OPERATE MAY BE AFFECTED, WITH A RESULTING ADVERSE EFFECT ON BUYER'S BUSINESS. (3) As between Buyer and Seller only, Buyer assumes and releases Seller from any costs, expenses or losses incurred by Buyer arising from the Year 2000 or Date Compliance status of the Property or any portion thereof other than that for which a disclosure was made or for which a disclosure should have been made in Section 11(f) and Seller shall have no liability whatsoever for any costs, expenses, losses, damages, or problems Buyer may incur or encounter arising from or associated in any way with the Year 2000 or Date Compliance status of the Property or any portion thereof. Buyer shall not release and indemnify Seller from costs, expenses claims, damages or liabilities asserted by parties other than the Buyer or Seller except to the extent that such costs, expenses, claims, damages or liabilities are caused by the negligence of Buyer. (4) Any disclosures other than contained in Section 11 (f) made by Seller as to Year 2000 or Date Compliance (including but not limited to disclosures as to Seller's or a manufacturer's/supplier's assessments, inventories, testing, modification, replacement, etc.), whether made orally or in writing, and whether made before or after execution of this Agreement, are Year 2000 Readiness Disclosures, are for informational purposes only and SUCH DISCLOSURES DO NOT AND SHALL NOT CREATE, AND SHALL NOT BE CONSTRUED TO CREATE, ANY EXPRESS OR IMPLIED WARRANTIES ON THE PART OF SELLER, AND SELLER EXPRESSLY DISCLAIMS ANY SUCH EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. (5) "Year 2000 or Date Compliant" means the Property and its component parts would: (i) Correctly process date information before, on and after January 1, 2000 and in connection with the transition from the year 1999 to the year 2000. This would include accepting date input, providing date output, and performing calculations and comparisons on dates or portions of dates. Date interpretation would be correct for all valid date values within the applicable domain; (ii) function accurately and without interruption before and after January 1, 2000 through January 1, 2005 without any change in operations associated with the advent of the new century; (iii) respond to two-digit input in a way that would resolve the ambiguity as to the century in a disclosed, defined, and predetermined manner and interfacing software would make the same century assumptions when processing the two-digit years; (iv) process the Year 2000 as a leap year; (v) correctly handle date fields containing non-date information and correctly handle a date held in a non-date field; and (vi) correctly process any date with a year specified as "99" and "00", regardless of other subjective meanings attached to these values.

14. SELLER'S INVESTIGATION AND RIGHT TO CANCEL

Seller may, at its option, conduct an environmental, health and safety evaluation of the Property solely for Seller's use and information, to be completed no later than twenty (20) days before Closing. If, in Seller's good faith opinion, the evaluation results are unacceptable to Seller, then Seller may elect to cancel this Agreement by providing Buyer with written notice of such election no later than ten (10) days before Closing. Seller shall provide Buyer with access to the results of any evaluation. Within ten (10) business days of receipt of said written notice Buyer may elect to have Seller proceed to Closing provided Buyer has agreed in writing to be responsible for remediation of the Environmental Liabilities which were unacceptable to Seller. If Buyer does not elect to proceed to Closing as set forth above and Seller elects to terminate this Agreement pursuant to this Section, Seller shall refund the Deposit with Interest and shall reimburse Buyer for its reasonable cost for due diligence activity from the Execution Date until termination and neither party shall have any further rights or obligations hereunder.

15. BUYER'S RIGHT OF ENTRY

a) Seller hereby grants to Buyer, its agents, representatives, engineers and surveyors, immediately upon execution of this Agreement by the parties and upon reasonable notice to Seller, the right at Buyer's sole risk to enter onto the Real Property Interests from time to time for the purposes of inspection of the Property, including but not limited to both internal and external inspection, evaluation and appraisal of the Pipeline Interests. Such persons shall have the right to make surveys, soils tests and such other tests as Buyer shall deem desirable. If Buyer plans to perform any excavation, take soil samples or conduct other activities on the Real Property Interests which may affect Seller's pipeline operations, or impact Seller's rights-of-way, Buyer shall provide Seller with written notification of such plans and shall obtain Seller's written approval, which approval shall not be unreasonably withheld or delayed, and shall secure all necessary regulatory approvals prior to conducting any such activities. Buyer shall restore the Property to its condition existing prior to Buyer's operations or activities upon the Property pursuant hereto, including repairs or maintenance as such are required as a result of Buyer's operations or activities. If Buyer elects to perform internal pipe inspections, such inspections shall be undertaken as soon as reasonably practical after Buyer obtains the consent of Seller. Buyer shall provide Seller with the results of the internal pipe inspections and both Buyer and Seller shall have at least ten (10) business days to review such results prior to Closing. If Seller fails to grant approval of Buyer activities that are accepted practices in the pipeline industry to assess pipe and tank integrity, equipment functionality other potential Repair Liability and potential Environmental Liability related to the Property within a reasonable period of time after Seller's receipt of Buyer's notification as set forth above, Buyer may terminate this Agreement and Seller shall immediately refund Buyer's Deposit with Interest.

b) BUYER WAIVES AND RELEASES ALL CLAIMS AGAINST SELLER, CHEVRON CORPORATION, ITS AND THEIR SUBSIDIARIES AND

AFFILIATES, INCLUDING BUT NOT LIMITED TO ITS AND THEIR DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS (THE "SELLER INDEMNITEES") FOR INJURY TO OR DEATH OF ANY PERSONS OR DAMAGE TO PROPERTY ARISING IN ANY WAY FROM THE EXERCISE OF RIGHTS GRANTED TO BUYER BY THIS SECTION OR THE ACTIVITIES PERFORMED PURSUANT TO THIS SECTION BY BUYER OR ITS EMPLOYEES OR AGENTS ON THE PROPERTY.

c) BUYER SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD SELLER INDEMNITEES HARMLESS FROM AND AGAINST ANY AND ALL LOSS, COST, DAMAGE, EXPENSE OR LIABILITY, INCLUDING REASONABLE ATTORNEYS' FEES, WHATSOEVER ARISING OUT OF (I) ANY AND ALL STATUTORY OR COMMON LAW LIENS OR OTHER ENCUMBRANCES FOR LABOR OR MATERIALS FURNISHED IN CONNECTION WITH SUCH RIGHTS GRANTED HEREUNDER, INCLUDING BUT NOT LIMITED TO SAMPLINGS, STUDIES OR SURVEYS THAT BUYER MAY CONDUCT WITH RESPECT TO THE PROPERTY PURSUANT TO THIS SECTION, OR (II) ANY INJURY TO OR DEATH OF PERSONS OR DAMAGE TO PROPERTY OCCURRING IN, ON OR ABOUT THE PROPERTY AS A RESULT OF SUCH EXERCISE OF THE RIGHTS GRANTED HEREUNDER OR ACTIVITIES CONDUCTED PURSUANT TO THIS SECTION. SUCH INDEMNITY SHALL APPLY WHETHER OR NOT A SELLER INDEMNITEE WAS OR IS CLAIMED TO BE PASSIVELY, CONCURRENTLY, OR ACTIVELY NEGLIGENT, AND REGARDLESS OF WHETHER LIABILITY WITHOUT FAULT IS IMPOSED OR SOUGHT TO BE IMPOSED ON ONE OR MORE OF THE SELLER INDEMNITEES. THIS INDEMNITY SHALL NOT APPLY TO THE EXTENT THAT IT IS VOID OR OTHERWISE UNENFORCEABLE UNDER APPLICABLE LAW IN EFFECT ON OR VALIDLY RETROACTIVE TO THE EXECUTION DATE OF THIS AGREEMENT AND SHALL NOT APPLY WHERE SUCH LOSS, COST, DAMAGE, INJURY, LIABILITY OR CLAIM IS THE RESULT OF THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY SELLER INDEMNITEES. THE FOREGOING OBLIGATION OF INDEMNITY SHALL SURVIVE CLOSING OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY TERMINATION OF THIS AGREEMENT PRIOR TO THE CLOSING.

16. LIQUIDATED DAMAGES

a) IF THE PURCHASE AND SALE OF THE PROPERTY IS NOT CLOSED AS CONTEMPLATED HEREIN BY REASON OF ANY BREACH OR DEFAULT OR FAILURE TO PROCEED BY BUYER, EXCEPT AS SPECIFICALLY PROVIDED IN SECTIONS 5 (TITLE), 6 (RIGHT-OF-WAY INTERESTS), 8 (TERMINATION FOR MATERIAL DEFECT), 9 (DAMAGE OR CONDEMNATION PRIOR TO CLOSING), 13 (BUYER'S

INVESTIGATION AND RIGHT TO CANCEL), 14(SELLER'S INVESTIGATION AND RIGHT TO CANCEL), 15 (BUYER'S RIGHT OF ENTRY), 25 (GOVERNMENT CONSENTS), 27 (FORCE MAJEURE), 31 (CONDITIONS PRECEDENT TO CLOSING), OR BREACH, DEFAULT OR FAILURE TO PROCEED ON THE PART OF SELLER, THEN SELLER SHALL RETAIN ONE MILLION DOLLARS ($1,000,000.00) OF THE DEPOSIT WITH INTEREST THEREON AS LIQUIDATED DAMAGES IN LIEU OF ALL OTHER DAMAGES (AND AS SELLER'S SOLE REMEDY IN SUCH EVENT) ("SELLER LIQUIDATED DAMAGES"). ADDITIONALLY. SELLER SHALL RETURN TO BUYER THE REMAINDER OF THE DEPOSIT AND THE REMAINING INTEREST THEREON.

b) IF THE PURCHASE AND SALE OF THE PROPERTY IS NOT CLOSED AS CONTEMPLATED HEREIN BY REASON OF ANY BREACH OR DEFAULT OR FAILURE TO PROCEED BY SELLER, EXCEPT AS SPECIFICALLY PROVIDED IN SECTIONS 6 (RIGHT-OF-WAY INTERESTS), 8 (TERMINATION FOR MATERIAL DEFECT), 9 (DAMAGE OR CONDEMNATION PRIOR TO CLOSING), 13 (BUYER'S INVESTIGATION AND RIGHT TO CANCEL), 14 (SELLER'S INVESTIGATION AND RIGHT TO CANCEL), 25 (GOVERNMENT CONSENTS), 27 (FORCE MAJEURE), 31 (CONDITIONS PRECEDENT TO CLOSING), OR BREACH, DEFAULT OR FAILURE TO PROCEED ON THE PART OF BUYER, THEN IN ADDITION TO THE RETURN OF BUYER'S DEPOSIT WITH INTEREST, SELLER SHALL PAY TO BUYER ONE MILLION DOLLARS ($1,000,000.00) WITH INTEREST FROM THE EXECUTION DATE AS LIQUIDATED DAMAGES IN LIEU OF ALL OTHER DAMAGES (AND AS BUYER'S SOLE REMEDY IN SUCH EVENT) ("BUYER LIQUIDATED DAMAGES").

c) The parties agree that Seller will be entitled to the Seller Liquidated Damages defined above in consideration of Seller holding the Property off the market and the resulting inability of Seller to seek other buyers during that period and that Buyer shall be entitled to the Buyer Liquidated Damages defined above in consideration of Buyer forgoing other business opportunities during that period. In addition, Buyer and Seller acknowledge that they have made good faith reasonable efforts to determine what damages would be in the event of a default by either and they have been unable to arrive at any meaningful formula or measure of damages for default. The parties hereby acknowledge that the extent of damages to either party occasioned by such breach or default or failure to proceed by the other would be impossible or extremely impracticable to ascertain and that the amount of the Seller and Buyer Liquidated Damages are a fair and reasonable estimate of such damages under the circumstances.

d) By initialing or signing where indicated below, the parties specifically approve these liquidated damages provisions.

_____	_____
SELLER	BUYER
Chevron Pipe Line Company	Plains Marketing, L.P. By its General Partner Plains All American Inc.

17. INDEMNITY AND ASSUMPTION OF OBLIGATIONS

a) BUYER SHALL ASSUME FULL RESPONSIBILITY FOR THE PROPERTY AS OF THE EFFECTIVE DATE INCLUDING, BUT NOT LIMITED TO, ALL PIPELINE OPERATIONS, RIGHT-OF-WAY PAYMENTS AND ALL ACCOUNTING AND REPORTING THEREOF AND SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND SELLER INDEMNITEES FROM AND AGAINST ANY AND ALL LOSS, COST, DAMAGE AND EXPENSE, (INCLUDING ATTORNEYS' FEES AND EXPENSES) AND CAUSES OF ACTION ARISING WITH RESPECT TO THE PROPERTY RELATED TO EVENTS OR CONDITIONS OCCURRING ON OR SUBSEQUENT TO THE EFFECTIVE DATE. EXCEPT AS OTHERWISE PROVIDED IN SECTION 15(C) AND SECTION 18 (A) OR AS OTHERWISE AGREED TO BY THE PARTIES PURSUANT TO SECTION 8 (B), SECTION 9, SECTION 13 (B), OR SECTION 14, SELLER SHALL RETAIN FULL RESPONSIBILITY FOR THE PROPERTY PRIOR TO THE EFFECTIVE DATE INCLUDING, BUT NOT LIMITED TO, ALL PIPELINE OPERATIONS, RIGHT-OF-WAY PAYMENTS AND ALL ACCOUNTING AND REPORTING THEREOF AND SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND BUYER ITS PARENT, PARTNERS, SUBSIDIARIES, AFFILIATED COMPANIES AND THEIR OFFICERS, DIRECTORS, PARTNERS, EMPLOYEES AND AGENTS ("BUYER INDEMNITEES") FROM AND AGAINST ANY AND ALL LOSS, COST, DAMAGE AND EXPENSE, (INCLUDING ATTORNEY'S FEE AND EXPENSES) AND CAUSES OF ACTION ARISING WITH RESPECT TO THE PROPERTY RELATED TO EVENTS OR CONDITIONS OCCURRING BEFORE THE EFFECTIVE DATE HEREIN.

b) BUYER SHALL RELEASE, DEFEND, INDEMNIFY, AND HOLD SELLER HARMLESS FROM AND AGAINST ANY AND ALL LOSS, COST, DAMAGE AND EXPENSE, INCLUDING REASONABLE ATTORNEYS' FEES, ASSERTED AGAINST SELLER BY ANY PERSON OTHER THAN SELLER INDEMINITEES FOR (I) PERSONAL INJURY OR DEATH, OR FOR LOSS OF OR DAMAGE TO PROPERTY, ARISING FROM EVENTS OR CONDITIONS OCCURRING ON OR CONNECTED WITH THE PROPERTY, ON OR SUBSEQUENT TO THE EFFECTIVE DATE

HEREIN, OR (ii) BREACH OF ANY REPRESENTATION OR WARRANTY OF BUYER SET FORTH IN SECTION 12. EXCEPT AS OTHERWISE PROVIDED IN SECTION 15(C) AND SECTION 18 (A) OR AS OTHERWISE AGREED TO BY THE PARTIES PURSUANT TO SECTION 8 (B), SECTION 9, SECTION 13 (B) OR SECTION 14, SELLER SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY AND ALL LOSS, COST, DAMAGE AND EXPENSE, INCLUDING REASONABLE ATTORNEY'S FEES, ASSERTED AGAINST BUYER BY ANY PERSON OTHER THAN BUYER INDEMINITEES FOR (i) PERSONAL INJURY OR DEATH, OR FOR LOSS OF OR DAMAGE TO PROPERTY ARISING FROM EVENTS OR CONDITIONS OCCURRING ON OR CONNECTED WITH THE PROPERTY PRIOR TO THE EFFECTIVE DATE HEREIN, OR, (ii) BREACH OF ANY REPRESENTATION OR WARRANTY OF SELLER SET FORTH IN SECTION 10.

c) THE INDEMNITIES CONTAINED IN THIS SECTION 17 SHALL NOT APPLY TO THE EXTENT THAT THEY ARE VOID OR OTHERWISE UNENFORCEABLE UNDER APPLICABLE LAW IN EFFECT ON OR VALIDLY RETROACTIVE TO THE EXECUTION DATE OF THIS AGREEMENT, AND SHALL NOT APPLY WHERE SUCH LOSS, DAMAGE, INJURY, LIABILITY OR CLAIM IS THE RESULT OF THE NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNITEE AFTER CLOSING.

d) THESE OBLIGATIONS TO INDEMNIFY SHALL SURVIVE THE CLOSING AND THE DELIVERY OF THE DEED AND ASSIGNMENT, PURSUANT TO THIS AGREEMENT, AND SHALL REMAIN ENFORCEABLE THEREAFTER.

18. INDEMNITY AND ASSUMPTION OF ENVIRONMENTAL RISKS

a) BUYER SHALL RELEASE, DEFEND, INDEMNIFY, AND HOLD SELLER INDEMNITEES HARMLESS FROM AND AGAINST ANY AND ALL LOSS, COST, DAMAGE AND EXPENSE, INCLUDING REASONABLE ATTORNEYS' FEES, FOR CLAIMS ASSERTED AGAINST SELLER FOR ANY ENVIRONMENTAL LIABILITIES WHICH ARISE OR ARE FIRST ASSERTED ON OR AFTER THE EFFECTIVE DATE BUT ARE ATTRIBUTABLE TO EVENTS THAT OCCURRED OR CONDITIONS THAT EXISTED PRIOR TO THE EFFECTIVE DATE, REGARDLESS OF PAST CONTRIBUTION OR GENERATION BY SELLER. SUCH INDEMNITY SHALL APPLY WHETHER OR NOT SELLER WAS OR IS CLAIMED TO BE PASSIVELY, CONCURRENTLY, OR ACTIVELY NEGLIGENT, AND REGARDLESS OF WHETHER LIABILITY WITHOUT FAULT IS IMPOSED OR SOUGHT TO BE IMPOSED ON SELLER. THIS INDEMNITY SHALL NOT APPLY TO THE EXTENT

THAT IT IS VOID OR OTHERWISE UNENFORCEABLE UNDER APPLICABLE LAW IN EFFECT ON OR VALIDLY RETROACTIVE TO THE EFFECTIVE DATE OF THIS AGREEMENT, AND SHALL NOT APPLY WHERE SUCH LOSS, DAMAGE, INJURY, LIABILITY OR CLAIM IS THE RESULT OF THE WILLFUL MISCONDUCT OF SELLER OR WHERE THE ENVIRONMENTAL LIABILITY WAS KNOWN TO SELLER PRIOR TO THE EFFECTIVE DATE. PROVIDED HOWEVER, FOR A PERIOD OF THREE YEARS FROM THE EFFECTIVE DATE, FOR ENVIRONMENTAL LIABILITIES DISCOVERED OR ARISING AFTER THE EFFECTIVE DATE BUT ATTRIBUTABLE TO EVENTS THAT OCCURRED OR CONDITIONS THAT EXISTED PRIOR TO THE EFFECTIVE DATE, BUYER SHALL BE RESPONSIBLE FOR AND SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS SELLER FROM AND AGAINST THE FIRST ONE MILLION DOLLARS ($1,000,000.00) OF ENVIRONMENTAL LIABILITY, IN THE AGGREGATE. SELLER SHALL BE RESPONSIBLE FOR AND SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS BUYER FROM AND AGAINST ALL ENVIRONMENTAL LIABILITY DISCOVERED OR ARISING AFTER THE EFFECTIVE DATE BUT ATTRIBUTABLE TO EVENTS THAT OCCURRED OR CONDITIONS THAT EXISTED PRIOR TO THE EFFECTIVE DATE, BUT ONLY TO THE EXTENT THAT THE ENVIRONMENTAL LIABILITY EXCEEDS ONE MILLION DOLLARS ($1,000,000.00) IN THE AGGREGATE. SELLER SHALL REMAIN RESPONSIBLE AND INDEMNIFY BUYER HEREUNDER FOR SUCH ENVIRONMENTAL LIABILITY REGARDLESS OF WHETHER LOSSES, COSTS AND EXPENSES CONTINUE TO BE INCURRED BEYOND THE THREE YEAR PERIOD. SELLER SHALL BE RESPONSIBLE AND INDEMNIFY BUYER HEREUNDER FOR ALL ENVIRONMENTAL LIABILITY EXISTING AND KNOWN TO SELLER PRIOR TO CLOSING AND NEITHER THE ONE MILLION DOLLAR ($1,000,000) NOR THE THREE YEAR TIME LIMITATION SHALL APPLY. ANY ENVIRONMENTAL LIABILITY OF SELLER DISCOVERED OR ARISING MORE THAN THREE YEARS FROM THE EFFECTIVE DATE BUT ATTRIBUTABLE TO EVENTS THAT OCCURRED OR CONDITIONS THAT EXISTED PRIOR TO THE EFFECTIVE DATE, SHALL BE THE FULL RESPONSIBILITY OF BUYER AND BUYER SHALL INDEMNIFY SELLER INDEMNITEES PURSUANT TO THIS INDEMNITY PROVISION.

b) EXCEPT AS LIMITED BY SECTION 11(m), SECTION 17, AND SECTION 18 (a) OR OTHER SECTION OF THIS AGREEMENT IN WHICH BUYER IS EXPRESSLY INDEMNIFIED BY SELLER, BUYER WAIVES ITS RIGHT TO RECOVER FROM SELLER AND ITS PREDECESSORS IN INTEREST, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS, ANY AND ALL DAMAGES, LOSSES,

LIABILITIES, COSTS OR EXPENSES WHATSOEVER (INCLUDING ATTORNEYS' FEES AND COSTS), AND CLAIMS THEREOF, WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, WHICH MAY ARISE ON ACCOUNT OF OR IN ANY WAY GROWING OUT OF OR CONNECTED WITH THE PHYSICAL AND/OR ENVIRONMENTAL CONDITION OF THE PROPERTY OR ANY LAW OR REGULATION APPLICABLE THERETO, INCLUDING THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED (42 U.S.C. (S)(S)9601 ET SEQ.), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976 (42 U.S.C. (S)(S)6901 ET SEQ.), THE CLEAN WATER ACT (33 U.S.C. (S)(S)1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. (S)(S)1801 ET SEQ.), THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. (S)(S)2601-2629).

c) THESE OBLIGATIONS TO INDEMNIFY SHALL SURVIVE THE CLOSING AND THE DELIVERY OF THE DEED AND ASSIGNMENT, PURSUANT TO THIS AGREEMENT, AND SHALL REMAIN FULLY ENFORCEABLE THEREAFTER.

d) BUYER WAIVES ITS RIGHTS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., TEXAS BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF BUYER'S OWN SELECTION, BUYER VOLUNTARILY CONSENTS TO THIS WAIVER.

IN ORDER TO EVIDENCE ITS ABILITY TO GRANT SUCH WAIVER, BUYER HEREBY REPRESENTS AND WARRANTS TO SELLER THAT BUYER (I) IS IN THE BUSINESS OF SEEKING OR ACQUIRING, BY PURCHASE OR LEASE, GOODS OR SERVICES FOR COMMERCIAL OR BUSINESS USE, (II) HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE IT TO EVALUATE THE MERITS AND RISKS OF THE TRANSACTION CONTEMPLATED HEREBY AND (III) IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION.

e) AFTER THE EFFECTIVE DATE, EACH PARTY AGREES TO COOPERATE FULLY WITH THE OTHER IN THE DEFENSE OF ANY CLAIM AND MAKE AVAILABLE UPON REASONABLE REQUEST ITS PERSONNEL, AGENTS, INFORMATION AND RECORDS PERTAINING TO ANY CLAIMS OR CAUSE OF ACTION.

f) IN THOSE INSTANCES WHERE SELLER ASSUMES RESPONSIBILITY FOR ALL OF AN ENVIRONMENTAL LIABILITY SELLER SHALL

HAVE THE RIGHT, BUT NOT THE OBLIGATION, TO HIRE INDEPENDENT COUNSEL TO DEFEND SELLER AND CONDUCT THE DEFENSE, AND THE RIGHT TO CONDUCT ALL OF THE REMEDIATION OF ENVIRONMENTAL DAMAGE RELATED THERETO, INCLUDING THE FIRST ONE MILLION DOLLARS OF REMEDIATION THAT IS THE RESPONSIBILITY OF BUYER.

g) Seller shall have the right of access to the Real Property Interests in connection with (i) the right to respond to and conduct the remediation of any Environmental Liabilities and (ii) the right to conduct the defense of any claims for which Seller assumes an obligation of indemnity under this Agreement. Such rights of Seller shall survive Closing and shall be subject to the following terms and conditions:

i) Prior to commencing any Corrective Actions or related activities on or with respect to the Property, Seller shall propose to Buyer a plan for such work ("Plan"). Prior to the implementation of any Plan or Plans, Seller shall provide Buyer with a comprehensive schedule showing in reasonable detail the Corrective Action to be taken by Seller to comply with such Plans and a budget showing the estimated timing and, if requested by Buyer to address landowner or governmental concerns, the estimated amount of expenditures required to implement the Plans. At the request of Buyer from time to time, Seller shall meet and consult fully with Buyer with respect to each such Plan, schedule and budget. Once each calendar quarter (commencing with the first full calendar quarter after commencement of such Corrective Action), Seller shall provide Buyer with a report showing in reasonable detail the current status of all Corrective Actions undertaken by Seller since commencement of such Corrective Actions, including expenditures to date. To the extent that similar quarterly reports are filed by Seller with any governmental agency, copies of such reports as provided to Buyer shall satisfy this requirement. Seller shall be required to obtain Buyer's prior written approval (which shall not be unreasonably withheld or delayed) for each Plan prior to proceeding with any Plan or filing any Plan with any applicable governmental authority (except that, in the event of an emergency posing an imminent threat of harm to the safety of persons or property, Seller may take such immediate action as may be necessary under the circumstances to protect the safety of persons or property, without obtaining the prior approval of Buyer, provided that Seller shall notify Buyer in writing of such action as soon thereafter as practicable). Buyer shall be deemed to have approved such Plan unless Buyer shall have objected thereto by notice to Seller within thirty (30) days following Buyer's receipt thereof setting forth in reasonable detail the basis for Buyer's objections. If Buyer objects to such proposed Plan and Seller and Buyer do not reach agreement on such objections, then Seller shall provide Buyer with an alternative Plan as soon as reasonably practicable in light of

the circumstances following Seller's receipt of a request therefor from Buyer.

ii) Seller shall conduct all Corrective Actions and related activities on or with respect to the Property in accordance with all applicable laws, rules and regulations of government authorities having jurisdiction and in such manner as shall not unreasonably interfere with the operation of the Property and the Buyer's business. Promptly upon completion of such activities, Seller shall notify Buyer in writing of such completion.

iii) Seller shall defend, protect, indemnify and hold harmless the Buyer Indemnitees from and against any and all penalties, claims, demands, fines, assessments, damages, diminution in value, suits, costs, judgments, settlements, expenses (including, without limitation, court costs and reasonable attorneys', expert and consultant fees) and losses of whatsoever kind or nature, for personal injury or property damage that are incurred by or asserted against any Buyer Indemnitee by any third party to the extent same are caused by the acts or omissions of Seller or Seller's agents, employees or consultants in conducting or performing any Corrective Actions or related activities on or with respect to the Property. For purposes of this Agreement, Seller's obligations with respect to any such third-party claim shall be subject to the terms and provisions of Section 19.

iv) If, within thirty (30) days after Seller's receipt of notice from a Buyer Indemnitee of an Environmental Liability for which the Buyer Indemnitee believes Seller is obligated to indemnify the Buyer Indemnitee under Section 18, Seller does not notify Buyer that Seller elects to respond to and conduct the remediation of such Environmental Liability in accordance with the provisions of this Section 18 (g), or gives such notice of election and thereafter fails to respond to and conduct the remediation of such Environmental Liability diligently and in good faith, then Seller's right to respond to and conduct such remediation shall terminate and the Buyer shall have the sole right to proceed with such activities but shall not thereby waive any right to indemnity therefore pursuant to this Agreement.

v) Such rights of Seller under this Section 18(g) shall in no event preclude the Buyer Indemnitees at any time or times from conducting such immediate Corrective Actions or related activities that, in case of any emergency posing an imminent threat of harm to the safety of persons or property, may be necessary under the circumstances.

19. PROCEDURES FOR ASSERTING INDEMNITY CLAIMS.

a) A party seeking to assert a claim for indemnity under this Agreement with respect to any claim, suit, action or proceeding (the "Indemnified Party"), shall give prompt

and timely notice to the other party (the "Indemnifying Party") of such assertion or commencement, as soon as is practicable following the receipt, by the manager responsible for the operation of the facility involved in such claim, of oral or written notice of the claim or action. Such notice shall describe in reasonable detail the nature of the claim or action, an estimate of the amount of damages attributable to the claim, and the basis for the Indemnified Party's request for indemnification under this Agreement. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party copies of all notices and documents (including court papers) received by the Indemnified Party relating to the claim. Failure by the Indemnified Party to provide such notice to the Indemnifying Party promptly shall not affect the right of the Indemnified Party to indemnification hereunder except to the extent the Indemnifying Party is prejudiced thereby.

b) The Indemnifying Party shall promptly assume the defense of any such claim, suit, action or proceeding for which indemnity is required; provided, however, that (i) the Indemnifying Party shall cooperate and communicate with the Indemnified Party as to significant developments in the matters being defended or handled, shall seek the advice and opinions of the Indemnified Party, and shall give due regard to such advice and opinions as to aspects of the matters being handled or defended which relate to settlements thereof or are reasonably expected to require the expenditure of substantial sums of money; (ii) the Indemnified Party shall at all times have the right, at its option and expense, to participate fully in the defense of any such claim, suit, action, or proceeding; (iii) the Indemnifying Party shall not settle any claim involving relief other than monetary relief that may affect the Indemnified Party without the prior written consent of the Indemnified Party; and (iv) if, within thirty (30) days after the receipt of the Indemnified Party's notice of a claim of indemnity hereunder, the Indemnifying Party does not notify the Indemnified Party that it elects, at the Indemnifying Party's cost and expense, to undertake the defense thereof and assume full responsibility for all losses, liabilities and other amounts with respect thereto, or gives such notice and thereafter fails to assume the defense of and indemnity for such claim diligently and in good faith, the Indemnified Party shall have the right to contest, settle or compromise the claim but shall not thereby waive any right to indemnity therefor pursuant to this Agreement.

c) The parties shall cooperate in defending any such claim, suit, action or proceeding and each party shall have reasonable access to the books and records, and personnel in the possession or control of the other party which are pertinent to the defense. Any party shall have the right to join another in any action, claim or proceeding brought by a third party, as to which any right of indemnity created by this Agreement would or might apply, for the purpose of enforcing its right of indemnity granted hereunder.

d) In furtherance of the foregoing procedures, as soon as a party becomes aware of circumstances that reasonably could be expected to lead to a claim based upon

Environmental Liabilities for which the other party owes an indemnification obligation, the party shall:

(i) define the nature and extent of the claim for indemnity in writing and, if based on Environmental Liabilities, include copies of all reports to government agencies filed as of that date, using a degree of detail reasonably necessary to inform the Indemnifying Party of the nature and scope of, and the justification for, any claim based on the Environmental Liabilities; and

(ii) To the extent that the assessment involves discussions or meetings with governmental authorities, the party seeking indemnification shall provide the other party with timely notice of and opportunity to participate in all such discussions or meetings.

20. CONFLICTS OF INTEREST

Conflicts of interest relating to this Agreement are strictly prohibited. Except as otherwise expressly provided herein, neither Buyer nor Seller, nor any director, employee or agent of Buyer or Seller, shall give to or receive from any director, employee or agent of Buyer or Seller any gift, entertainment or other favor of significant value, or any commission, fee or rebate. Likewise, neither Buyer nor Seller, nor any director, employee or agent of Buyer or Seller shall enter into any business relationship with any director, employee or agent of Buyer or Seller or of any affiliate of Buyer or Seller, unless such person is acting for and on behalf of Buyer or Seller, without prior written notification thereof to Seller or Buyer. Any representative(s) authorized by Buyer or Seller may audit any and all records of Buyer or Seller for the sole purpose of determining whether there has been compliance with this Section.

21. CLOSING COSTS, TAXES AND COMMISSIONS

a) CLOSING COSTS

Seller shall pay the cost of a standard policy of title insurance from a mutually agreed to title company containing reasonable and customary exceptions to title if Seller elects to furnish a title policy under Section 4(c) (viii). Each party shall pay its own attorneys' fees, if any. In addition, Buyer shall pay all filing fees and costs of recording. Each party shall pay its own attorneys' fees, if any, related to the preparation and execution of this Agreement.

b) TAXES AND FEES

Ad valorem, real and personal property taxes, if any, imposed on the Property and assessments of record shall be prorated between Seller and Buyer as of the Closing Date of this transaction. Any other fees or taxes imposed on the conveyance of the Property by any governmental body shall be paid in accordance with the law or

ordinance levying such tax or fee or, in the absence of a controlling law or ordinance, shall be divided equally between Seller and Buyer.

c) Sales Tax and Use Taxes

i) Buyer shall be responsible for, and shall remit to the appropriate taxing authority, all sales, use, transfer and similar taxes arising out of the sale of the Property. Buyer shall hold harmless and shall indemnify Seller for any sales or use taxes assessed against Seller by any taxing authority in respect of this sale, including the amounts of any penalties, interest and attorneys' fees, unless such penalties, interest or attorneys' fees accrue through the fault or negligence of Seller, in which case Buyer shall not be obligated to hold harmless and indemnify Seller for that portion of such penalties, interest or attorneys' fees that are attributable to Seller's fault or negligence. Any legal expenses incurred by Seller to reduce or avoid any of the aforementioned taxes shall be paid or reimbursed by Buyer.

ii) The purchase and sale of the assets covered by this Agreement is believed by the parties to constitute an isolated or occasional sale as defined in Texas Tax Code Ann. Sec. 151.304. If the transaction is subsequently deemed to be a taxable transaction, the Buyer will hold Seller harmless and shall indemnify Seller for any sales taxes assessed against Seller by any taxing authority in respect of this sale, including the amounts of any penalties, interest and attorney's fees.

d) COMMISSIONS

Buyer represents and warrants to Seller that it has not engaged, utilized or dealt with any broker or finder in connection with this Agreement or the transactions contemplated hereby. Seller represents and warrants to Buyer that it has not engaged, utilized or dealt with any broker or finder in connection with this Agreement or the transactions contemplated hereby. Both Buyer and Seller shall indemnify and hold the other harmless from and against all brokerage commissions or finders' fees, and claims thereof, payable in connection with the sale of the Property.

22. OPERATION OF THE PIPELINE INTERESTS PRIOR TO CLOSING

a) During the period subsequent to the execution of this Agreement and prior to the Effective Date, Seller shall not be obligated to make expenditures for purposes other than as required to operate and maintain the Property in the ordinary course, consistent with prudent operation and accepted industry standards and as necessary to respond to emergencies.

b) Unless Buyer and Seller agree, Seller shall not materially alter the Property (other than the use of supplies and consumables), with the exception of individual assets (i)

involving a fair market value of less than One Hundred Thousand Dollars ($100,000.00) and (ii) disposed of or consumed in the ordinary course of business. Provided however, any assets that are disposed of which have more than a Ten Thousand Dollar ($10,000.00) value shall be credited against the Purchase Price at Closing. If Seller, because of legally binding agreements which existed prior to the Execution Date which agreements are set forth in Exhibit "H", acquires assets related to the Pipeline Interests or otherwise improves the Property after the Execution Date but prior to the Effective Date, and Buyer agrees that such assets or improvements shall be included in the Property, the Purchase Price shall be increased by an amount equal to the consideration to be paid by Seller for such acquisition or improvement, and the acquired asset or improvement shall be transferred hereunder. Seller shall promptly notify Buyer of any material matter affecting the Property known to Seller which arises from the Execution Date to the Effective Date.

c) Seller shall not create or permit to exist any mortgage, pledge, lien or encumbrance on the Property, other than Permitted Encumbrances.

d) Seller shall not, without the prior written consent of Buyer, make any material contract or amend any existing contract or license that is to be transferred hereunder.

e) Seller shall not file, alter, amend or withdraw any tariff rate, rule, regulation or condition of service other than as may be required pursuant to FERC Order 561 which adopted an indexing rate methodology for petroleum pipelines.

f) Seller shall not solicit or accept any other bids or proposals for the purchase and sale of the Property, unless and until this Agreement is terminated.

g) To the extent that Seller is unable to transfer certain contracts that are reasonably necessary to operate and maintain the Property, Seller shall make commercially reasonable and diligent efforts to assist Buyer in securing substantially similar benefits for Buyer. With respect to contracts relating to electric power service, Seller shall arrange to provide Buyer metered electric power at existing facilities where Seller does not currently own or control such facilities. Buyer shall be obligated to expend Forty Thousand dollars ($40,000.00), and all other costs shall be for the account of Seller. In the event that Seller provides electric power by arranging for the conveyance or assignment of an undivided interest in existing facilities, such conveyance shall be for a consideration of Ten dollars ($10.00) and shall be subject to Buyer's obligation to reassign to the assignor upon cessation of Buyer's need for power.

23. EMPLOYEES AND BENEFITS

a) OFFERS OF EMPLOYMENT.

i) At least four (4) weeks before the Closing Date, Buyer in its sole discretion and as it may determine shall select from and offer employment with Buyer beginning on the Closing Date to those employees of Seller currently assigned to operate the Pipeline Interests, who are identified on a list Seller will provide Buyer within five (5) working days after the Execution Date (the "Prospective Employees"). Such list shall include all employees whose work activity is wholly dedicated to operating and maintaining the Property and shall also include the employee's salary, job description, job location and hire date. Each such employment offer shall be at a location that is 50 miles or less from the Prospective Employee's current job location (provided however, a Prospective Employee may be required to report to Buyer's management in Wink, or Midland, Texas and may be required to perform work at any location in which the Property is located) and shall include salary or wages (including, as applicable, shift differentials, incentives and premiums but excluding payments under the Chevron Success Sharing program) at least equal to that provided by Seller to the employee as shown on the list of Prospective Employees. Buyer's offers of employment to the selected Prospective Employees shall be made in writing, and a copy shall be provided to Seller. Such offers may impose a deadline for response not earlier than three (3) weeks prior to Closing. Buyer may require that each Prospective Employee submit a formal application for employment.

ii) Buyer shall have no obligation under this Agreement to employ any Prospective Employee who has accepted its employment offer but is not actively at work with Seller as of the Closing Date, unless (i) such Employee is on vacation, scheduled time off, or other similar Seller approved absence and commences active work with Buyer upon the termination of such approved absence; or (ii) such Employee is absent from work due to illness or injury and reports for active work with Buyer within 30 days after the Closing Date. Any Prospective Employee selected by Buyer who has accepted its employment offer but is on vacation, scheduled time off, or on other Seller-approved absence on the Closing Date shall become the employee of Buyer upon reporting for active duty. Any Prospective Employee selected by Buyer who is absent from work due to illness or injury and who reports for active work with Buyer within 30 days after the Closing Date shall become the employee of Buyer on the date he or she reports for active work with Buyer. From and after the date the Prospective Employee selected by Buyer returns to active work, Buyer shall assume the employment reinstatement obligations of Seller and its Affiliates under Seller's Family and Medical Leave Act Policy with respect to any Prospective Employees who are selected by Buyer but who are on leave under such policy on the Closing Date.

iii) Those employees of Seller who accept Buyer's employment offers and become employees of Buyer as of the Closing Date (or, in the case of Employees described in (ii) above, within 30 days after the Closing Date),

are the "Affected Employees." The Prospective Employees who do not become Affected Employees are the "Remaining Employees."

iv) Nothing in this Agreement shall affect Buyer's right to terminate the employment of any Affected Employee on or after the date he or she becomes an employee of Buyer, with or without cause, provided that Buyer shall comply with the terms of the severance plan described in Section 23 (c) below if the termination occurs without cause as defined in such severance plan and within 12 months of the Closing Date.

v) Buyer shall control and be responsible for the process of selecting from the Prospective Employees those Prospective Employees to whom it makes an offer of employment. Buyer may interview any Prospective Employee during normal working hours (including interviews on site) consistent with the operating requirements of Seller or its Affiliates, and with the written permission of the Prospective Employee, may review and retain copies of such Prospective Employee's training, attendance and safety records (if any) maintained by Seller or its Affiliates. All of the original personnel records maintained by Seller or its Affiliates relating to the Prospective Employees shall remain with Seller or its Affiliates after the Closing Date and shall not be turned over to Buyer. Buyer shall, however, have access to, use of and the right to copy such records as may be required in connection with the assumption of obligations pursuant to this Section 23 or the prosecution or defense of any administrative or court claim, and neither Seller nor its Affiliates shall destroy any such records prior to the time such records are scheduled for destruction pursuant to Seller's records retention policy applicable to records of this type.

vi) Buyer and its Affiliates shall indemnify, defend, and hold Seller and its Affiliates harmless from and against all claims, expenses (including reasonable attorneys' fees), loss and liability arising with respect to (A) the Affected Employees' employment with Buyer and its Affiliates on or after the Closing Date (except for Seller's continuing obligations described in Section 23(c)(i), (B) Buyer's employee selection and offer process and actions taken by Buyer or its Affiliates relating to Prospective and Affected Employees and (C) Buyer's use of the Affected Employees' employment records or other records maintained by Seller or its Affiliates that have been provided to Buyer, but not claims and expenses related to the content of Seller's records or Seller's preparation thereof.

vii) Seller and its Affiliates shall indemnify, defend and hold Buyer and its Affiliates harmless from and against all claims, expenses (including reasonable attorneys' fees), loss and liability arising with respect to (A) the Affected Employees' (or any other employees') employment with Seller or its Affiliates before the date any such employee becomes an employee of Buyer, (B) the Remaining Employees' employment with Seller or its Affiliates and any

subsequent termination from Seller or its Affiliates, (C) the application of Seller's employee benefit plans to Affected Employees and Remaining Employees, and (D) claims and expenses related to the content of Seller's employment records or Seller's preparation thereof.

b) QUALIFIED DEFINED CONTRIBUTION PLANS.

i) The Chevron Corporation Profit Sharing/Savings Plan and the Chevron Corporation Savings Plus Plan (together the "Seller's Defined Contribution Plans") shall fully vest each Affected Employee who has one or more years of service as of the date he or she becomes an employee of Buyer and shall provide for the distribution to or on behalf of the Affected Employees of their vested account balances in accordance with such Plans' distribution rules for employees whose employment with Seller and its Affiliates has terminated.

ii) The Buyer's Defined Contribution Plan shall accept the direct rollover of eligible rollover distributions of electing Affected Employees' benefits in cash.

c) SEVERANCE PLANS.

i) Seller and its Affiliates presently maintain the Chevron Corporation's 1999 S.I.T.E. Program for involuntary termination and for demotion or transfer (the "Chevron Severance Plan") for the benefit of eligible employees of Seller and its Affiliates. Seller has provided Buyer with a summary of the Chevron Severance Plan coincident with the execution of this Agreement. Seller shall apply the Chevron Severance Plan to the Prospective Employees who are eligible employees under the terms of those Plans.

ii) If, within 12 months after the Closing Date, any Affected Employee is terminated by Buyer for reasons other than cause, or is required to transfer to a job location that reports to other than Wink, Midland or Judkins or to take a reduction in base rate of pay, but refuses such transfer or reduction and terminates his or her employment with Buyer, then Buyer shall provide a severance benefit which is the financial equivalent to the benefit referenced in the summary of the Chevron Severance Plan provided to Buyer pursuant to Section 23(c)(i), including the continuation of Buyer's active employee medical coverage for six months after termination of employment with the same employee contribution amounts that apply to Buyer's similarly situated active employees. Provided, however, Buyer shall only be obligated to make a payment directly to such Affected Employee and shall have no obligation to provide such benefit on a pre-tax basis or as a contribution to a qualified plan. Service used for this purpose shall be the sum of the service recognized by Seller and the service with Buyer from the Closing Date until termination of employment.

d) VACATION PAY.

Seller shall be responsible for all liabilities and claims with regard to vacation pay for any periods prior to the Closing. After the Closing, the Affected Employee

shall transfer to Buyer's vacation plan under which the Affected Employee's past service with the Seller shall be recognized and the vacation days used by the Affected Employees in 1999 shall be deducted from allowable vacation.

e) HEALTH CARE PLANS.

Each Affected Employee shall be eligible to enroll in the health care plans of Buyer as of the date he or she becomes an employee of Buyer. If such Affected Employee was enrolled in the corresponding plan of Seller or its Affiliates immediately before the date he or she becomes an employee of Buyer, Buyer shall cause Buyer's health care plans to: (i) to the extent required by the Health Insurance Portability And Accountability Act ("HIPAA"), or otherwise required by law, waive any pre-existing condition limitations with respect to the Affected Employee and his or her covered dependents, to the extent the covered individuals had satisfied any pre-existing condition limitations under the medical, mental health, substance abuse and dental plans of Seller or its Affiliates before the date the Affected Employee becomes an employee of Buyer; and (ii) to recognize each such Affected Employee's (and his or her covered dependents') expenditures under the corresponding Seller medical, mental health, substance abuse and dental plans, if any are maintained by Seller, for the calendar year in which the Affected Employee becomes an employee of Buyer toward any applicable deductible and annual out-of-pocket limit for such calendar year. With respect to the medical, mental health, substance abuse and dental plans of Seller and its Affiliates, Seller shall cause the plans of Seller and its Affiliates to be liable for the following covered expenses of the Affected Employees and their dependents:

i) With respect to the medical, mental health, substance abuse and dental plans of Seller and its Affiliates, covered expenses incurred before the date the Affected Employee becomes an employee of Buyer; and

ii) With respect to the medical and mental health and substance abuse plans of Seller and its Affiliates, covered expenses incurred within six months after the Closing Date relating to a condition that caused the employee or covered dependent to be totally disabled as of the Closing Date as determined under the terms of the applicable Seller's plan.

f) POST-RETIREMENT WELFARE BENEFITS.

Seller and its Affiliates shall be responsible for all post-retirement medical, mental health, substance abuse, dental and life insurance coverage for any of its eligible employees or eligible former employees who do not become Affected Employees. Seller or its Affiliates also shall make available its post-retirement medical, mental health, substance abuse, dental and life insurance benefit coverage to any Affected Employee who as of the date he or she becomes an employee of Buyer is eligible to receive such post--retirement welfare benefit coverage of Seller or its Affiliates (the "Eligible Affected Employees"). The Eligible Affected Employees shall be treated in the same manner as other similarly situated employees of Seller or its Affiliates

who retired as of the Closing Date (and shall be subject to the rights of Seller and its Affiliates to amend or terminate such coverage with respect to such employees).

g) BUYER SICK PAY PLAN.

Each Affected Employee shall be credited under the Buyer's sick pay plan with a bank of sick pay hours (for both occupational and non-occupational disabilities, if distinct) based on service with Seller and its Affiliates as of the date the Affected Employee becomes an employee of Buyer. Provided however, Affected Employees shall not be permitted to exceed the maximum allowable sick pay hours available to Buyer's employees.

h) BUYER LIFE INSURANCE COVERAGE.

Buyer agrees that as of the date an Affected Employee becomes an employee of Buyer, the Affected Employee shall be eligible to enroll in Buyer's life insurance plan, including any supplemental life insurance coverage on his or her life which is provided by Buyer, on the same terms and conditions as such plans are available to Buyer's employees.

i) BUYER'S OTHER EMPLOYEE BENEFITS

Except as otherwise specifically provided in this Section 23, Buyer agrees that as of the date an Affected Employee becomes an employee of Buyer, he or she will be eligible to participate in employee benefit plans and programs of Buyer which are generally applicable to employees of Buyer under Buyer's employee benefit plans and programs, whether in effect on the Closing Date or subsequently established by Buyer.

j) WARN ACT INDEMNIFICATION.

Buyer shall indemnify Seller and its Affiliates against all liabilities arising out of the notification or other requirements of the Worker Adjustment and Retraining Notification Act of 1988, as amended ("WARN Act"), with respect to the Affected Employees in connection with actions taken by Buyer on or after the Closing Date. Seller shall indemnify Buyer against all liabilities under the WARN Act with respect to the Prospective Employees and actions taken by Seller prior to the Closing Date, and with regard to Remaining Employees, actions taken by Seller before, on or after the Closing Date.

k) GENERAL EMPLOYEE PROVISIONS.

i) Seller and Buyer shall give any notices required by law and take whatever other actions with respect to the plans, programs and policies described in this Section 23 as may be reasonably necessary to carry out the arrangements described in this Section 23.

ii) Seller and Buyer shall provide each other with such plan documents and descriptions, employee data or other information as may be reasonably required to carry out the arrangements described in this Section 23.

iii) If any of the arrangements described in this Section 23 are determined by the Internal Revenue Service or other applicable governmental authority, or by a court of competent jurisdiction, to be prohibited by law, Seller and Buyer shall modify such arrangements to as closely as possible retain the intent and economic benefits and burdens of the parties as reflected herein in a manner which is not prohibited by law.

iv) As soon as reasonably practicable after selection of Affected Employees but at least 10 business days before Closing, Seller will provide to Buyer a list of all Affected Employees' service used under any of the employee benefit plans or policies of Seller or their Affiliates as well as out of pocket expenditures under health plans and accumulated sick days.

v) At least thirty (30) days prior to Closing, Seller will deliver to Buyer true, accurate, and complete copies of all agreements or plans concerning retirement, pension, medical, health, life and other insurance, bonus, profit sharing and similar employee benefit plans covering the Affected Employees.

vi) In the event that Buyer hires any Remaining Employee within six months after Closing and such remaining employee has received a Chevron Severance Plan benefit from Seller, Buyer will notify Seller of such event and shall reimburse Seller for any severance pay paid by Seller to such Remaining Employee as soon as possible after the hire date.

vii) At Closing, Seller will provide Buyer a list of Affected Employees who have accepted employment with Buyer but who have taken leave under Seller's Family and Medical Leave Policy within 12 months prior to Closing, including the type and length of any such leave.

viii) Seller and Buyer do not intend to create any third party beneficiary rights respecting any Affected Employee or Remaining Employee as a result of the provisions herein and specifically hereby negate any such intention.

24. F.E.R.C. TARIFFS, T.R.C. TARIFFS, AND T.R.C. T-4 PERMIT

a) The Pipeline Interests being conveyed hereunder are operated as a common carrier pipeline system subject to Federal Energy Regulatory Commission ("F.E.R.C.") Tariff No. 546 ("FERC Tariff") and Texas Railroad Commission ("T.R.C.") Tariff T.R.S. 149 ("TRC Tariff"). Buyer shall adopt, as soon as reasonably practical after the Closing Date, Seller's FERC Tariff and TRC Tariff that are in effect on the Closing Date.

b) Prior to the Closing Date Buyer shall apply for and obtain a T-4 Permit from the T. R. C. covering the Pipeline Interests being conveyed to Buyer pursuant to this Agreement, said permit to be effective on the Closing Date of this transaction. Seller shall withdraw its T-4 Permit on the Closing Date.

c) The parties agree that each will provide the shippers of the other party transfer of crude oil, without cost or fee, between Wink East Station, to be owned by Buyer, and Wink West Station, owned by Seller, to the extent that the existing facilities can accommodate such transfers. Each party shall provide the other party with access to its facilities in the event that modifications are required to provide this service. However, in no event shall a party be obligated to incur costs to install new facilities.

25. GOVERNMENT CONSENTS

The consummation of the transaction contemplated by this Agreement may be subject to the pre-merger notification requirements of Section 7A of the Clayton Act (15 U.S.C. (S)18a) as enacted by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"). Seller and Buyer shall cooperate and promptly undertake all filings under the HSR and shall promptly take other actions as may be required to comply with such requirements. The Closing of this transaction is subject to the parties obtaining appropriate approvals under the HSR Act. The HSR filing fees shall be shared equally between Seller and Buyer.

26. TAX-DEFERRED EXCHANGE

a) BUYER'S EXCHANGE. In the event Buyer so elects, Seller agrees to cooperate with Buyer in effecting a tax-deferred exchange of the Property under Internal Revenue Code (S) 1031. Buyer shall have the right to elect a tax-deferred exchange by giving Seller written notice of such election prior to Closing. If Buyer so elects to effect a tax-deferred exchange, Seller agrees to execute such escrow instructions, documents, agreements or instruments to effect an exchange as Buyer may reasonably request, it being understood that Seller shall not be required to incur any additional costs, expenses, fees or liabilities, not reimbursed or indemnified by Buyer, as a result of or connected with an exchange. In no event shall Seller be required to acquire title to other property as a consequence of Buyer's election to effect such exchange. Buyer may assign its rights and delegate its duties under this Agreement in whole or in part to a third party in order to effect such an exchange; provided that Buyer shall remain responsible to Seller for the full and prompt performance of any delegated duties. Buyer shall indemnify and hold Seller and its affiliates harmless from and against all claims, expenses (including reasonable attorneys' fees), loss and liability resulting from Seller's participation in any exchange undertaken pursuant to this Section 26(a).

b) SELLER'S EXCHANGE. In the event Seller so elects, Buyer agrees to cooperate with Seller in effecting a tax-deferred exchange of the Property under Internal Revenue Code (S) 1031. Seller shall have the right to elect a tax-deferred exchange by giving Buyer written notice of such election prior to Closing. If Seller so elects to effect a tax-deferred exchange, Buyer agrees to execute such escrow instructions, documents, agreements or instruments to effect an exchange as Seller may reasonably request, it being understood that Buyer shall not be required to incur any

additional costs, expenses, fees or liabilities, not reimbursed or indemnified by Seller, as a result of or connected with an exchange. In no event shall Buyer be required to acquire title to other property as a consequence of Seller's election to effect such exchange. Seller may assign its rights and delegate its duties under this Agreement in whole or in part to a third party in order to effect such an exchange; provided that Seller shall remain responsible to Buyer for the full and prompt performance of any delegated duties. Seller shall indemnify and hold Buyer and its affiliates harmless from and against all claims, expenses (including reasonable attorneys' fees), loss and liability resulting from Buyer's participation in any exchange undertaken pursuant to this Section 26(b).

27. FORCE MAJEURE

In the event that the performance required under the terms of this Agreement by Buyer or Seller is delayed or prevented by fire; explosion; act of God; breakdown of machinery or equipment; riots; strikes; labor disputes; any order, regulation, request, or recommendation by any governmental authority; or any similar cause which is reasonably outside the control of the party or parties, such required performance shall be excused for that period of time that the force majeure prevents performance. In the event any delay due to force majeure occurs or is anticipated, the affected party shall promptly notify the other party of such delay and the cause and estimated duration of such delay. The affected party shall exercise due diligence to shorten, avoid and mitigate the effects of the delay and shall keep the other party advised as to the affected party's efforts and its estimate of the continuance of the delay. In no event shall either party be entitled to any damages of any kind including without limitation, direct, consequential or otherwise, whether based in contract, tort, (including negligence and strict liability) or otherwise, or to any adjustment to the Purchase Price payable hereunder because of any delay due to force majeure. Provided however, if the force majeure occurs prior to Closing and continues for more than 120 days, either party may terminate this Agreement without further liability or obligation except for the return of the Deposit, with Interest to Buyer.

28. FURTHER ASSURANCES

On and after the Closing Date, Seller and Buyer will cause to be executed and delivered from time to time at the request of the other all such further instruments of conveyance, assignments and further assurances as reasonably may be required to transfer and assign the Seller's title in such Property to Buyer and to carry out the intent of this Agreement and the transaction contemplated herein.

29. REMOVAL OF SIGNS AND MARKERS

Buyer shall, at its own expense and in a timely manner after the Closing Date, remove or cause to be removed all pipeline signs and placards which indicate Seller's prior ownership in the Property and erect or install signs and placards as may be required by state or other governmental agencies indicating Buyer or its designated operator, whichever is applicable, as the owner-operator of the Property.

30. SURVIVAL OF AGREEMENTS

Except as otherwise specifically provided in this Agreement, all covenants, agreements, representations, guaranties, indemnities, and warranties shall survive the Execution Date of this Agreement, Closing, and the delivery and recordation of deeds, assignments or bills of sale which convey the Property to Buyer.

31. CONDITIONS PRECEDENT TO CLOSING

Each party's obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver by the other party of the following conditions:

a) All requirements set forth in this Agreement shall be complied with at or prior to Closing, unless otherwise specifically set forth that the requirement may be complied with subsequent to the Closing Date.

b) All government approvals, if any, required for the consummation of the transactions contemplated herein have been obtained.

c) No action or proceeding by or before any governmental authority shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) which might restrain, prohibit or invalidate any of the transactions contemplated by this Agreement, other than an action or proceeding instituted or threatened by a party or any of its affiliates.

d) The representations and warranties contained in Section 10(SELLER'S REPRESENTATIONS AND WARRANTIES), Section 11(SELLER'S ADDITIONAL REPRESENTATIONS AND LIMITED WARRANTIES) and Section 12 (BUYER'S REPRESENTATIONS AND WARRANTIES) shall be true and correct in all material respects on the Closing Date as though made on and as of the Closing Date.

e) No amendment to Exhibit K has resulted in a material adverse effect the result of which has not been addressed by Section 8 (TERMINATION FOR MATERIAL DEFECT); Section 9 (DAMAGE OR CONDEMNATION PRIOR TO CLOSING; or Section 13 (BUYER'S INVESTIGATION AND RIGHT TO CANCEL), either individually or in the aggregate, on the Property, the operation or maintenance of the Pipeline Interests or the financial performance of the Property.

32. MISCELLANEOUS

a) DISPOSITION OF ACCOUNTS RECEIVABLE AND OTHER REVENUE

i) Accounts receivable or other revenue obligations associated with the Property, to the extent that such accounts receivable and revenue obligations are attributable to the performance of transactions prior to the Effective Date, shall not be part of the sale but shall remain the property of Seller. Accounts

receivable or other revenue obligations associated with the Property, to the extent that such accounts receivable or revenue obligations are attributable to the performance of transactions on or after the Effective Date, shall be part of the sale and the property of Buyer. If the Effective Date is other than the first day of the month, that month's business shall be equitably prorated based on the number of days in the month that each party owned the Property with deliveries deemed to be ratable.

ii) In accordance with generally accepted accounting principles, Seller shall complete a Settlement Statement Accounting as promptly as possible but no later than one hundred twenty (120) days after Closing.

b) ASSIGNABILITY

Neither Seller nor Buyer shall assign any right granted it under this Agreement or at any time attempt to delegate any duty to be performed by it hereunder without the express written consent of the other, which consent shall not be unreasonably withheld. Except that Buyer may assign this Agreement to an affiliate partnership of which Plains Marketing, L.P. is a limited partner and Plains All American Inc. is the general partner provided that such affiliate assumes in writing all of the obligations and duties of Buyer under this Agreement, and provided Buyer agrees in writing that it shall remain secondarily liable as to the indemnities provided to Seller under the terms of this Agreement. Subject to the foregoing, all rights and duties of each party hereunder shall inure to the benefit of and be binding upon its successors and assigns. All covenants and conditions of this Agreement shall survive the delivery of any document of transfer pursuant hereto and inure to the benefit of, be binding upon and be enforceable directly by and against every successor in ownership of the Property.

c) NOTICES.

All notices and other communications required or permitted to be given or delivered hereunder shall be in writing and shall be delivered personally or be sent by certified mail, postage prepaid and return receipt requested, directed to the party intended at the address set forth below, or at such other address as may be designated by such party by notice given to the other party in the manner aforesaid, and shall be effective upon receipt:

SELLER:	BUYER:
Chevron Pipe Line Company	Plains Marketing, L.P.
2811 Hayes Road	c/o Plains All American, Inc.
Houston, Texas 77082	500 Dallas Street, Suite 700
	Houston, Texas 77002
Attn: Eastern Profit Center Manager	Attn: President

d) TIME

Time is of the essence of this Agreement; provided, however, that if the date on which any action is required to be taken hereunder shall fall on a day on which the party to perform is not open for business, such action shall be taken on the next business day on which it is open for business.

e) GOVERNING LAW AND DISPUTE RESOLUTION.

i) The interpretation and enforcement of this Agreement, and any mediation pursuant to subparagraph (iii) below, shall be governed by the substantive law of the State of Texas, without the application of its conflict of law rules.

ii) Prior to any party hereto instituting a court proceeding to enforce any provision hereof or for damages by reason of the breach, default or liability of the other party arising out of any provision of this Agreement or otherwise, the parties agree that such disputes, controversies or claims arising out of or relating to this Agreement (collectively "Disputes") shall be submitted to non-binding mediation to be conducted in accordance with the following procedures:

A) The parties shall use all commercially reasonable efforts to resolve Disputes through direct discussions. The management of each party commits itself to respond promptly to any communications concerning Disputes.

B) Within thirty (30) days of written notice that there is a Dispute, representatives of the parties with authority to settle the matter shall meet at a mutually acceptable time and place in Houston, Texas or such other location as may be agreed, and as often thereafter as they deem reasonably necessary in an effort to reach an amicable resolution. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three (3) business days' notice of such intention and may also be accompanied by an attorney.

C) If no amicable resolution is reached as a result of the procedure in subparagraph (b) hereof,

(1) Within sixty (60) days of the written notice referenced in subparagraph (b), the parties shall exchange written statements of their positions concerning the Dispute, and thereafter shall participate in a final meeting for the purpose of attempting to settle such Dispute. Each party's written statement of position shall state whether the party desires to present live witnesses (and, if so, who) at the next meeting to resolve the Dispute (described hereinafter);

(2) Within three (3) weeks of the exchange of written statements, the parties represented by the respective presidents or vice presidents of Sellers and Buyers and with the assistance of such counsel, experts and others as may be appropriate, shall meet and again attempt to reach an amicable resolution or settlement of the Dispute.

D) If no amicable resolution or settlement is reached as a result of the procedures in subparagraphs (a), (b) or (c) herein, the Dispute shall be submitted for non-binding mediation which shall be conducted expeditiously before a mediator mutually agreed to by the parties. Unless the parties and the mediator agree to an alternative process, the mediator shall be provided with the written statements and witness presentations, and the party representatives described in subparagraph (c), or other representatives with full settlement authority, shall be participate. The parties shall endeavor to complete the mediation process within ninety (90) days of the conclusion of the procedures set forth in subparagraph (c) hereof.

iii) All negotiations, discussions and documents pursuant to or in furtherance of dispute resolution under this provision are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence.

iv) Each party is required to continue to perform its obligations under this Agreement pending final resolution of any Dispute.

v) The parties desire to attempt to settle any dispute through mediation and, in furtherance thereof, agree, if necessary, to enter into a tolling agreement to prevent the loss or compromise of any right due to the expiration of any applicable period of limitations. Should such tolling agreement not be entered into in a timely basis, either party hereto may file pleadings and pursue its claim or cause of action in any court of competent jurisdiction consistent with Section 32 (e) (vi).

vi) Any judicial proceedings permitted to be brought with respect to this Agreement shall be brought in any state or federal court of competent jurisdiction in the State of Texas, and the parties generally and unconditionally accept the exclusive jurisdiction of such courts. The parties waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the bringing of any such action or proceeding in such jurisdiction.

f) NO RIGHTS IN THIRD PARTIES

This Agreement is not intended to, nor shall it be construed to create in or give to any person other than the parties hereto and their respective successors and permitted assignees, any claim, cause of action, remedy or right of any kind.

g) ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties hereto. If any provision hereof shall be held invalid, such invalidity shall not affect any other provision of this Agreement. This Agreement and the rights and obligations of the parties hereunder shall survive the Closing of the purchase and sale of the Property.

h) HEADINGS

The captions in this Agreement have been inserted for convenience of reference only and shall not define or limit any of the terms and provisions hereof.

i) ATTACHMENTS INCORPORATED

All schedules, exhibits, and attachments hereto are deemed a part of this Agreement and are incorporated herein and made a part hereof. Provided, however, that if a conflict exists between the terms and conditions of this Agreement and the Exhibits attached hereto, this Agreement shall prevail.

j) COUNTERPARTS

If this Agreement is executed in duplicate, each duplicate original shall be considered an original for all purposes.

33. DAMAGES

THE PARTIES AGREE THAT, EXCEPT FOR THE LIQUIDATED DAMAGES SPECIFICALLY PROVIDED FOR IN SECTION 16, THE RECOVERY BY EITHER PARTY HERETO OF ANY DAMAGES SUFFERED OR INCURRED BY IT AS A RESULT OF ANY BREACH BY THE OTHER PARTY OF ANY OF ITS REPRESENTATIONS, WARRANTIES LIMITED WARRANTIES OR OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO ACTUAL DAMAGES SUFFERED OR INCURRED BY THE NON-BREACHING PARTY AS A RESULT OF THE BREACH BY THE BREACHING PARTY OF ITS REPRESENTATIONS, WARRANTIES OR OBLIGATIONS HEREUNDER AND

IN NO EVENT SHALL THE BREACHING PARTY BE LIABLE TO THE NON-BREACHING PARTY FOR ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES SUFFERED OR INCURRED BY THE NON-BREACHING PARTY AS A RESULT OF THE BREACH BY THE BREACHING PARTY OR ANY OF ITS REPRESENTATIONS, WARRANTIES OR OBLIGATIONS HEREUNDER OR FOR ACTUAL DAMAGES WHICH EXCEED THE LIMITATIONS SPECIFICALLY SET FORTH IN OTHER PROVISIONS OF THIS AGREEMENT. For purposes of the foregoing, actual damages may, however, include indirect, consequential, special, exemplary or punitive damages to the extent (i) the injuries or losses resulting in or giving rise to such damages are incurred or suffered by a person that is not a Seller Indemnitee, a Buyer Indemnitee or an affiliate of any of the foregoing and (ii) such damages are recovered against an Indemnified Party by a person that is not a Seller Indemnitee, a Buyer Indemnitee or an affiliate of any of the foregoing.

34. NONDISCLOSURE

Both parties to this Agreement especially acknowledge and agree that neither they, nor any of their respective agents, servants, employees or related affiliates and their respective agents, servants or employees shall disclose to any third party, this Agreement or the terms of the purchase and sale contemplated by this Agreement until a time subsequent to the Execution Date. Notwithstanding the agreement of confidentiality and non-disclosure, Seller expressly reserves the right to contact any property owner upon which the pipeline may be situated in order to obtain the consent or permission to the assignment of the right-of-way in accordance with Section 6 (RIGHT-OF-WAY INTERESTS) and as contemplated by this Agreement.

35. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

THE REPRESENTATIONS, WARRANTIES, LIMITED WARRANTIES AND COVENANTS SHALL SURVIVE THE CLOSING FOR A PERIOD OF FIVE YEARS AFTER THE CLOSING DATE EXCEPT THAT THOSE REPRESENTATIONS OF SELLER UNDER SECTION 10 (A), 10 (B) AND 10 (C) AND THOSE REPRESENTATIONS OF BUYER UNDER SECTIONS 11 (A), 11 (B) AND 11 (C) SHALL SURVIVE THE CLOSING UNTIL 90 DAYS FOLLOWING THE EXPIRATION OF THE RELEVANT STATUTE OF LIMITATIONS (INCLUDING ALL EXTENSIONS THEREOF). ANY CLAIM FOR BREACH OF REPRESENTATION, WARRANTY OR AGREEMENT SHALL SURVIVE UNTIL SUCH CLAIMS ARE FULLY AND FINALLY RESOLVED UNDER THE PROVISIONS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Execution Date first written hereinabove.

SELLER:

CHEVRON PIPE LINE COMPANY
a Delaware corporation

By: /s/ J. S. Bindra
- ----------
Title: President
Date: 4/16/99

BUYER:

PLAINS MARKETING, L.P.
BY ITS GENERAL PARTNER
PLAINS ALL AMERICAN INC.

By: /s/ Harry N. Pefanis

Title: President
Date: 4/16/99

Exhibit 10.18

CREDIT AGREEMENT

PLAINS SCURLOCK PERMIAN, L.P.

as Borrower,

BANKBOSTON, N.A.

as Administrative Agent,

BANCBOSTON ROBERTSON STEPHENS INC.,

as Syndication Agent, Lead Arranger and Book Manager,

and CERTAIN FINANCIAL INSTITUTIONS,

as Lenders

$35,000,000 Revolving Credit Facility

$130,000,000 Term Loan

May 12, 1999

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made as of May 12, 1999, by and among Plains Scurlock Permian, L.P., a Delaware limited partnership ("Borrower"), BANKBOSTON, N.A., as administrative agent (in such capacity, "Administrative Agent"), BANCBOSTON ROBERTSON STEPHENS INC., as syndication agent (in such capacity, "Syndication Agent") and the Lenders referred to below. In consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

ARTICLE I - Definitions and References

Section 1.1. Defined Terms. As used in this Agreement, each of the following terms has the meaning given to such term in this Section 1.1 or in the sections and subsections referred to below:

"Acquisition Documents" means the Scurlock Permian Acquisition Documents and the Chevron Acquisition Documents.

"Acquisitions" means the Scurlock Permian Acquisition and Chevron Acquisition.

"Adjusted LIBOR Rate" means, with respect to each particular LIBOR Loan and the related Interest Period, the rate per annum (rounded upwards, if necessary, to the nearest 1/1000 of 1%) determined by Administrative Agent to be equal to the quotient obtained by dividing (i) the LIBOR Rate for such LIBOR Loan for such Interest Period by (ii) 1 minus the Reserve Requirement for such LIBOR Loan for such Interest Period. The Adjusted LIBOR Rate for any LIBOR Loan shall change whenever the Reserve Requirement changes.

"Administrative Agent" means BankBoston, N.A., as Administrative Agent hereunder, and its successors in such capacity.

"Affiliate" means, as to any Person, each other Person that directly or indirectly (through one or more intermediaries or otherwise) controls, is controlled by, or is under common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 5% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement" means this Credit Agreement.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of Base Rate Loans and such Lender's LIBOR Lending Office in the case of LIBOR Loans.

"Available Cash" means, with respect to any Fiscal Quarter, (a) all cash and Cash Equivalents of Restricted Persons on hand on the date of determination with respect to such Fiscal Quarter minus (b) the amount of any cash reserves that is necessary or appropriate in the reasonable discretion of General Partner to (i) provide for the proper conduct of the business of Restricted Persons (including reserves for future capital expenditures and for anticipated future credit needs of Restricted Persons) subsequent to such Fiscal Quarter and (ii) comply with any applicable Law or the covenants and other requirements of this Agreement.

"Base Rate" means, for any day, the higher of (a) the annual rate of interest announced from time to time by Administrative Agent as its "base rate" at its head office in Boston, Massachusetts, or (b) the Federal Funds Rate plus one-half percent (0.5%) per annum; provided that such rate may not be the lowest rate at which funds are made available to customers of Administrative Agent at such time. Each change in the Base Rate shall become effective without prior notice to Borrower automatically as of the opening of business on the date of such change in the Base Rate.

"Base Rate Loan" means a Loan which does not bear interest at the Adjusted LIBOR Rate.

"Borrower" means Plains Scurlock Permian, L.P., a Delaware limited partnership.

"Borrowing" means a borrowing of new Revolver Loans of a single Type pursuant to Section 2.2 or a Continuation or Conversion of all or a portion of an existing Loan (whether alone or as a combination with a new Loan) into a single Type (and, in the case of LIBOR Loans, with the same Interest Period) pursuant to Section 2.3.

"Borrowing Notice" means a written or telephonic request, or a written confirmation, made by Borrower which meets the requirements of Section 2.2.

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in Boston, Massachusetts. Any Business Day in any way relating to LIBOR Loans (such as the day on which an Interest Period begins or ends) must also be a day on which, in the judgment of Administrative Agent, significant transactions in dollars are carried out in the London interbank eurocurrency market.

"Capital Lease" means a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Lease Obligation" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person.

"Cash and Carry Advance" means an advance of Revolver Loans to fund a Cash and Carry Purchase where the amount of the advance is equal to the product of the volume of crude oil associated with such Cash and Carry Purchase times the actual cost per barrel of such Cash and Carry Purchase, provided that such Cash and Carry Purchase Advance has been repaid on or prior to the time the payment is received in respect of such crude oil associated with such Cash and Carry Purchase.

"Cash and Carry Purchases" means purchases of crude oil for physical storage at a storage facility owned and operated by a Restricted Person which has been hedged on the New York Mercantile Exchange arranged through brokers approved by Administrative Agent or otherwise hedged in a manner satisfactory to Majority Lenders.

"Cash Equivalents" means Investments in:

(a) marketable obligations, maturing within 12 months after acquisition thereof, issued or unconditionally guaranteed by the United States of America or an instrumentality or agency thereof and entitled to the full faith and credit of the United States of America;

(b) demand deposits and time deposits (including certificates of deposit) maturing within 12 months from the date of deposit thereof, with a domestic office of any national or state bank or trust company which is organized under the Laws of the United States of America or any state therein or a branch organized under the Laws of the United States of America or any state therein of a foreign bank, in either case which (i) has capital, surplus and undivided profits of at least $500,000,000, and whose long term certificates of deposit are rated at least Aa3 by Moody's or AA- by S&P or (ii) is a Lender;

(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in subsection (a) above entered into with any commercial bank meeting the specifications of subsection (b) above;

(d) open market commercial paper, maturing within 270 days after acquisition thereof, which are rated at least P-1 by Moody's or A-1 by S&P; and

(e) money market or other mutual funds substantially all of whose assets comprise securities of the types described in subsections (a) through (d) above.

"Change of Control" means the occurrence of any of the following events: (i) an event or series of events by which any Person or other entity or group of Persons or other entities acting in concert as a partnership or other group (a "Group of Persons") shall, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases, merger, consolidation or otherwise, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of (A) 50% or more of the combined voting power of the then outstanding voting stock of Resources, in the case of any Person or Group of Persons constituting or controlled by Affiliates of Kayne Anderson Investment Management, Inc., or (B) 40% or more of such combined voting power in the case of any other Person or Group of Persons, (ii) during any period of two consecutive years (A) the members of the board of

directors of Resources (the "Board") as of January 1, 1998, (B) any director elected thereafter in any annual meeting of the stockholders of Resources upon the recommendation of the Board, and (C) any other member of the Board who will be recommended or elected to succeed those Persons described in subclauses (A) and (B) of this clause (ii) by a majority of such Persons who are then members of the Board, cease for any reason to constitute collectively a majority of the Board then in office, (iii) the direct or indirect sale, lease, exchange or other transfer of all or substantially all of the Consolidated assets of Resources and its Subsidiaries, to any Person or Group of Persons, (iv) Resources, either directly or through a Wholly Owned Subsidiary of Resources, shall cease to be the legal and beneficial owner (as defined above) of more than 50% of the voting power of the outstanding voting stock of General Partner, (v) General Partner shall cease to be the sole legal and beneficial owner (as defined above) of all of the general partner interests (including all securities which are convertible into general partner interests), of Marketing, Plains MLP or any Restricted Person that is a partnership, (vi) any Person or Group of Persons other than Resources or any Subsidiary of Resources shall be the legal and beneficial owner (as defined above) of 50% or more of the combined voting power of the then total partnership interests (including all securities which are convertible into partnership interests) of Plains MLP, (vii) Plains MLP or Marketing shall cease to be the sole legal and beneficial owner (as defined above) of all of the limited partner interests of Marketing and Borrower, respectively (including all securities which are convertible into limited partner interests), or (viii) Resources and its Wholly Owned Subsidiaries taken as a whole shall hold legal and beneficial ownership of issued and outstanding partnership interests of Plains MLP representing less than 5% of the total outstanding partnership interests of Plains MLP.

"Chevron Acquisition" means the acquisition by Borrower of the Chevron System pursuant to the Chevron Acquisition Documents.

"Chevron Acquisition Documents" means (i) that certain Asset Sale Agreement for the West Texas Pipeline System between Chevron Pipe Line Company and Marketing dated as of April 16, 1999 and (ii) all other agreements executed and delivered by Marketing or any Restricted Person pursuant thereto.

"Chevron Advance" has the meaning given such term in Section 2.1(b).

"Chevron Pro Forma Financial Statements" means the pro forma financial statements as of December 31, 1998 reflecting the assets and businesses to be acquired by Borrower in the Chevron Acquisition delivered to Administrative Agent prior to the date of this Agreement.

"Chevron System" means the pipeline interests, right of way interests, and related property and property rights located in Midland, Crane, Winkler, Ector, Upton, and Ward Counties, Texas acquired by a Restricted Person pursuant to the Chevron Acquisition Documents.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"Collateral" means all property of any kind which is subject to a Lien in favor of Lenders (or in favor of Administrative Agent for the benefit of Lenders) or which, under the terms of any

Security Document, is purported to be subject to such a Lien, in each case granted or created to secure all or part of the Obligations.

"Consolidated" refers to the consolidation of any Person, in accordance with GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc. refer to the consolidated financial statements, financial position, financial condition, liabilities, etc. of such Person and its properly consolidated subsidiaries.

"Consolidated EBITDA" means, for any four-Fiscal Quarter period, the sum of (1) the Consolidated Net Income of Borrower and its Subsidiaries during such period, plus (2) all interest expense which was deducted in determining such Consolidated Net Income for such period, plus (3) all income taxes (including any franchise taxes to the extent based upon net income) which were deducted in determining such Consolidated Net Income, plus (4) all depreciation, amortization (including amortization of good will and debt issue costs) and other non-cash charges (including any provision for the reduction in the carrying value of assets recorded in accordance with GAAP) which were deducted in determining such Consolidated Net Income, minus (5) all non-cash items of income which were included in determining such Consolidated Net Income. For the Fiscal Quarters preceding the date hereof, Consolidated EBITDA shall be mean the pro forma Consolidated EBITDA reflected on Schedule 5 for such Fiscal Quarter. For the Fiscal Quarters ending on December 31, 1999 and March 31, 2000, Consolidated EBITDA will be calculated by annualizing the Fiscal Quarters which have elapsed after June 30, 1999.

"Consolidated Funded Indebtedness" means as of any date, the sum of the following (without duplication): (i) all Indebtedness which is classified as "long-term indebtedness" on a consolidated balance sheet of Borrower and its Consolidated Subsidiaries prepared as of such date in accordance with GAAP and any current maturities or other principal amount in respect of such Indebtedness due within one year but which was classified as "long-term indebtedness" at the creation thereof, (ii) indebtedness for borrowed money of Borrower and its Consolidated Subsidiaries outstanding under a revolving credit or similar agreement providing for borrowings (and renewals and extensions thereof) over a period of more than one year, notwithstanding the fact that any such borrowing is made within one year of the expiration of such agreement, and (iii) Indebtedness in respect of Capital Leases of Borrower and its Consolidated Subsidiaries; provided, however, Consolidated Funded Indebtedness shall not include Indebtedness in respect of Letters of Credit or in respect of Cash and Carry Purchases.

"Consolidated Net Income" means, for any period, Borrower's and its Subsidiaries' gross revenues for such period, including any cash dividends or distributions actually received from any other Person during such period, minus Borrower's and its Subsidiaries' expenses and other proper charges against income (including taxes on income, to the extent imposed), determined on a Consolidated basis after eliminating earnings or losses attributable to outstanding minority interests and excluding the net earnings of any Person other than a Subsidiary in which Borrower's or any of its Subsidiaries has an ownership interest. Consolidated Net Income shall not include any gain or loss from the sale of assets or any extraordinary gains or losses.

"Consolidated Net Worth" means the remainder of all Consolidated assets, as determined in accordance with GAAP, of Borrower and its Subsidiaries minus the sum of (a) Borrower's Consolidated liabilities, as determined in accordance with GAAP, and (b) all outstanding Minority Interests. The effect of any increase or decrease in net worth in any period as a result of any unrealized gains or losses from a mark to market of any Hedging Contracts not reflected in the determination of net income but reflected in the determination of comprehensive income shall be excluded in determining Consolidated Net Worth. "Minority Interests" means the book value of any equity interests in any of Borrower's Subsidiaries (exclusive of the general partner interests held by General Partner or any Restricted Person of up to two percent (2%) of the aggregate ownership interest in any such Person) which equity interests are owned by a Person other than Borrower or a Wholly Owned Subsidiary of Borrower.

"Continuation/Conversion Notice" means a written or telephonic request, or a written confirmation, made by Borrower which meets the requirements of Section 2.3.

"Continue", "Continuation", and "Continued" shall refer to the continuation pursuant to Section 2.3 hereof of a LIBOR Loan as a LIBOR Loan from one Interest Period to the next Interest Period.

"Convert", "Conversion", and "Converted" shall refer to a conversion pursuant to Section 2.3 or Article III of one Type of Loan into another Type of Loan.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"Default Rate" means, at the time in question, (i) two percent (2.00%) per annum plus the Revolver LIBOR Rate Margin or Term Loan LIBOR Rate Margin, as the case may be, plus the Adjusted LIBOR Rate then in effect for any LIBOR Loan (up to the end of the applicable Interest Period) or (ii) two percent (2%) per annum plus the Revolver Base Rate Margin or the Term Loan Base Rate Margin, as the case may be, plus the Base Rate for each Base Rate Loan; provided, however, the Default Rate shall never exceed the Highest Lawful Rate.

"Default Rate Period" means (i) any period during which any Event of Default, other than pursuant to Section 8.1 (a) or (b), is continuing, provided that such period shall not begin until notice of the commencement of the Default Rate has been given to Borrower by Administrative Agent upon the instruction by Majority Lenders and (ii) any period during which any Event of Default pursuant to Section 8.1 (a) or (b) is continuing unless Borrower has been notified otherwise by Administrative Agent upon the instruction by Majority Lenders.

"Disclosure Schedule" means Schedule 2 hereto.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" in the Lender Schedule hereto, or such other office as such Lender may from time to time specify to Borrower and Administrative Agent; with respect to LC Issuer, the office, branch, or agency through which it issues Letters of Credit; and, with

respect to Administrative Agent, the office, branch, or agency through which it administers this Agreement.

"Eligible Transferee" means a Person which either (a) is a Lender, or (b) is consented to as an Eligible Transferee by Administrative Agent and, so long as no Default or Event of Default is continuing, by Borrower, which consents in each case will not be unreasonably withheld (provided that no Person organized outside the United States may be an Eligible Transferee if Borrower would be required to pay withholding taxes on interest or principal owed to such Person).

"Environmental Laws" means any and all Laws relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"ERISA Affiliate" means each Restricted Person and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with such Restricted Person, are treated as a single employer under Section 414 of the Code.

"ERISA Plan" means any employee pension benefit plan subject to Title IV of ERISA maintained by any ERISA Affiliate with respect to which any Restricted Person has a fixed or contingent liability.

"Event of Default" has the meaning given to such term in Section 8.1.

"Facility Usage" means, at the time in question, the aggregate amount of outstanding Revolver Loans and LC Obligations at such time.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/1000th of one percent) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate quoted to Administrative Agent on such day on such transactions as determined by Administrative Agent.

"Fiscal Quarter" means a three-month period ending on March 31, June 30, September 30 or December 31 of any year.

"Fiscal Year" means a twelve-month period ending on December 31 of any year.

"GAAP" means those generally accepted accounting principles and practices which are recognized as such by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of Borrower and its Consolidated Subsidiaries, are applied for all periods after the date hereof in a manner consistent with the manner in which such principles and practices were applied to the Initial Financial Statements. If any change in any accounting principle or practice is required by the Financial Accounting Standards Board (or any such successor) in order for such principle or practice to continue as a generally accepted accounting principle or practice, all reports and financial statements required hereunder with respect to Borrower or with respect to Borrower and its Consolidated Subsidiaries may be prepared in accordance with such change, but all calculations and determinations to be made hereunder may be made in accordance with such change only after notice of such change is given to each Lender and Majority Lenders agree to such change insofar as it affects the accounting of Borrower or of Borrower and its Consolidated Subsidiaries.

"General Partner" means Plains All American Inc., a Delaware corporation.

"Guarantors" means any Person who has guaranteed some or all of the Obligations and who has been accepted by Administrative Agent as a Guarantor or any Subsidiary of Borrower which now or hereafter executes and delivers a guaranty to Administrative Agent pursuant to Section 6.17.

"Hazardous Materials" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

"Hedging Contract" means (a) any agreement providing for options, swaps, floors, caps, collars, forward sales or forward purchases involving interest rates, commodities or commodity prices, equities, currencies, bonds, or indexes based on any of the foregoing, (b) any option, futures or forward contract traded on an exchange, and (c) any other derivative agreement or other similar agreement or arrangement.

"Highest Lawful Rate" means, with respect to each Lender Party to whom Obligations are owed, the maximum nonusurious rate of interest that such Lender Party is permitted under applicable Law to contract for, take, charge, or receive with respect to such Obligations. All determinations herein of the Highest Lawful Rate, or of any interest rate determined by reference to the Highest Lawful Rate, shall be made separately for each Lender Party as appropriate to assure that the Loan Documents are not construed to obligate any Person to pay interest to any Lender Party at a rate in excess of the Highest Lawful Rate applicable to such Lender Party.

"Indebtedness" of any Person means its Liabilities (without duplication) in any of the following categories:

(a) Liabilities for borrowed money,

(b) Liabilities constituting an obligation to pay the deferred purchase price of property or services,

(c) Liabilities evidenced by a bond, debenture, note or similar instrument,

(d) Liabilities (other than reserves for taxes and reserves for contingent obligations) which (i) would under GAAP be shown on such Person's balance sheet as a liability and (ii) are payable more than one year from the date of creation or incurrence thereof,

(e) Liabilities arising under Hedging Contracts (on a net basis to the extent netting is provided for in the applicable Hedging Contract),

(f) Liabilities constituting principal under Capital Leases,

(g) Liabilities arising under conditional sales or other title retention agreements,

(h) Liabilities owing under direct or indirect guaranties of Liabilities of any other Person or otherwise constituting obligations to purchase or acquire or to otherwise protect or insure a creditor against loss in respect of Liabilities of any other Person (such as obligations under working capital maintenance agreements, agreements to keep-well, or agreements to purchase Liabilities, assets, goods, securities or services), but excluding endorsements in the ordinary course of business of negotiable instruments in the course of collection,

(i) Liabilities consisting of an obligation to purchase or redeem securities or other property, if such Liabilities arises out of or in connection with the sale or issuance of the same or similar securities or property (for example, repurchase agreements, mandatorily redeemable preferred stock and sale/leaseback agreements),

(j) Liabilities with respect to letters of credit or applications or reimbursement agreements therefor,

(k) Liabilities with respect to banker's acceptances, or

(l) Liabilities with respect to obligations to deliver goods or services in consideration of advance payments therefor;

provided, however, that the "Indebtedness" of any Person shall not include Liabilities that were incurred in the ordinary course of business by such Person on ordinary trade terms to vendors, suppliers, or other Persons providing goods and services for use by such Person in the ordinary course of its business, unless and until such Liabilities are outstanding more than 120 days after the date the respective goods are delivered or the respective services are rendered, other than Liabilities contested in good faith by appropriate proceedings, if required, and for which adequate reserves are maintained on the books of such Person in accordance with GAAP.

"Initial Financial Statements" means (a) from the date of this Agreement until but not including the date of the Chevron Advance: (i) the audited Consolidated financial statements of Scurlock Permian as of December 31, 1998, (ii) the unaudited Consolidated financial statements of Scurlock Permian as of March 31, 1999, and (iii) the pro forma Consolidated and consolidating balance sheets of Borrower as of March 31, 1999 and the pro forma Consolidated and consolidating balance sheets and income statements of Borrower as of December 31, 1998 and March 31, 1999 reflecting (1) the Scurlock Permian Acquisition, and (2) all adjustments giving effect to the Scurlock Permian Acquisition and the transactions contemplated by the Loan Documents after giving effect to the Scurlock Permian Advance, as would be appropriate for reporting pro forma financial statements under GAAP and regulations of the Securities and Exchange Commission and as may be acceptable to Administrative Agent; and (b) on and after the date of the Chevron Advance: (i) the audited Consolidated financial statements of Scurlock Permian as of December 31, 1998, (ii) the unaudited Consolidated financial statements of Scurlock Permian as of March 31, 1999, and (iii) the pro forma Consolidated and consolidating balance sheets of Borrower as of March 31, 1999 and the pro forma Consolidated and consolidating balance sheets and income statements of Borrower as of December 31, 1998 and March 31, 1999 reflecting (1) the Scurlock Permian Acquisition on a stand-alone basis, (2) the Scurlock Acquisition and the Chevron Acquisition, and (3) in either case, all adjustments giving effect to the Scurlock Permian Acquisition, the Chevron Acquisition, and the transactions contemplated by the Loan Documents, as would be appropriate for reporting pro forma financial statements under GAAP and regulations of the Securities and Exchange Commission and as may be acceptable to Administrative Agent.

"Insurance Schedule" means Schedule 4 attached hereto.

"Interest Expense" means, with respect to any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between Borrower and its Subsidiaries and all other items required to be eliminated in the course of the preparation of Consolidated financial statements of Borrower and its Subsidiaries in accordance with GAAP): (a) all interest and commitment fees in respect of Indebtedness of Borrower or any of its Subsidiaries (including imputed interest on Capital Lease Obligations) which are accrued during such period and whether expensed in such period or capitalized; plus (b) all fees, expenses and charges in respect of letters of credit issued for the account of Borrower or any of its Subsidiaries, which are accrued during such period and whether expensed in such period or capitalized.

"Interest Payment Date" means (a) with respect to each Base Rate Loan, the last day of each March, June, September and December, and (b) with respect to each LIBOR Loan, the last day of the Interest Period that is applicable thereto and, if such Interest Period is six months in length, the dates specified by Administrative Agent which are approximately three and six months (as appropriate) after such Interest Period begins; provided that the last Business Day of each calendar month shall also be an Interest Payment Date for each such Loan so long as any Event of Default exists under Section 8.1 (a) or (b).

"Interest Period" means, with respect to each particular LIBOR Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or

Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, or six months thereafter, as Borrower may elect in such notice; provided that: (a) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, no Interest Period may be selected for a Revolver Loan that would end after the Revolver Maturity Date and no Interest Period may be selected for a Term Loan that would end after the Term Maturity Date.

"Investment" means any investment made, directly or indirectly in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise, and whether made in cash, by the transfer of property or by any other means.

"Law" means any statute, law, regulation, ordinance, rule, treaty, judgment, order, decree, permit, concession, franchise, license, agreement or other governmental restriction of the United States or any state or political subdivision thereof or of any foreign country or any department, province or other political subdivision thereof.

"LC Application" means any application for a Letter of Credit hereafter made by Borrower to LC Issuer.

"LC Collateral" has the meaning given to such term in Section 2.13(a).

"LC Issuer" means BankBoston, N.A., in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity. Administrative Agent may, with the consent of Borrower and the Lender in question, appoint any Lender hereunder as an LC Issuer in place of or in addition to BankBoston, N.A.

"LC Obligations" means, at the time in question, the sum of all Matured LC Obligations plus the maximum amounts which LC Issuer might then or thereafter be called upon to advance under all Letters of Credit then outstanding.

"Lease Rentals" means, with respect to any period, the sum of the rental and other obligations required to be paid during such period by Borrower or any Subsidiary of Borrower as lessee under all leases of real or personal property (other than Capital Leases), excluding any amount required to be paid by the lessee (whether or not therein designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges, provisions that, if at the date of determination, any such rental or other obligations are contingent or not otherwise definitely determinable by terms of the related lease, the amount of such obligations (i) shall be assumed to be equal to the amount of such obligations for the period of 12 consecutive calendar months immediately preceding the date of determination or (ii) if the related lease was not in effect during such preceding 12-month period, shall be the

amount estimated by a senior financial officer of the General Partner on a reasonable basis and in good faith.

"Lender Parties" means Administrative Agent, Syndication Agent, Lead Arranger and Book Manager, LC Issuer, and all Lenders.

"Lender Schedule" means Schedule 1 hereto, as revised from time to time by Administrative Agent pursuant to Section 10.5.

"Lenders" means each signatory hereto (other than Borrower), including BankBoston, N.A. in its capacity as a Lender hereunder rather than as Administrative Agent, and the successors of each such party as holder of a Note.

"Letter of Credit" means any letter of credit issued by LC Issuer hereunder at the application of Borrower.

"Letter of Credit Fee Rate" means, on any day, two and three-quarters percent (2.75%) per annum.

"Liabilities" means, as to any Person, all indebtedness, liabilities and obligations of such Person, whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, absolute, fixed or contingent, and whether or not required to be considered pursuant to GAAP.

"LIBOR Lending Office" means, with respect to any Lender, the office of such Lender specified as its "LIBOR Lending Office" on the Lender Schedule hereto (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to Borrower and Administrative Agent.

"LIBOR Loan" means a Loan that bears interest at a rate based upon the Adjusted LIBOR Rate.

"LIBOR Rate" means, for any LIBOR Loan within a Borrowing and with respect to the related Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/1000 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "LIBOR Rate" shall mean, for any LIBOR Loan within a Borrowing and with respect to the related Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/1000 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/1000 of 1%).

"Lien" means, with respect to any property or assets, any right or interest therein of a creditor to secure Liabilities owed to it or any other arrangement with such creditor which provides for the payment of such Liabilities out of such property or assets or which allows such creditor to have such Liabilities satisfied out of such property or assets prior to the general creditors of any owner thereof, including any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by Law or agreement or otherwise, but excluding any right of offset which arises without agreement in the ordinary course of business. "Lien" also means any filed financing statement, any registration of a pledge (such as with an issuer of uncertificated securities), or any other arrangement or action which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement or action is undertaken before or after such Lien exists.

"Loans" means all Revolver Loans and Term Loans.

"Loan Documents" means this Agreement, the Notes, the Security Documents, the Letters of Credit, the LC Applications, the Hedging Contracts described in Section 2.14, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"Majority Lenders" means Lenders whose aggregate Percentage Shares equal or exceed sixty-six and two-thirds percent (66 2/3%).

"Marketing" means Plains Marketing, L.P., a Delaware limited partnership.

"Marketing Agreement" means that certain Crude Oil Sales Agreement between one or more Restricted Persons and Marketing in the form attached hereto as Exhibit I pursuant to which such Restricted Person agrees to sell and Marketing agrees to purchase crude oil.

"Material Adverse Change" means a material and adverse change, from the state of affairs presented in the Initial Financial Statements or as represented or warranted in any Loan Document, to (a) Borrower's Consolidated financial condition, (b) Borrower's Consolidated operations, properties or prospects, considered as a whole, (c) Borrower's ability to timely pay the Obligations, or (d) the enforceability of the material terms of any Loan Document.

"Matured LC Obligations" means all amounts paid by LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit and all other amounts due and owing to LC Issuer under any LC Application for any Letter of Credit, to the extent the same have not been repaid to LC Issuer (with the proceeds of Loans or otherwise).

"Maximum Drawing Amount" means at the time in question the sum of the maximum amounts which LC Issuer might then or thereafter be called upon to advance under all Letters of Credit then outstanding.

"Moody's" means Moody's Investor Service, Inc., or its successor.

"Notes" means all Revolver Notes and all Term Notes.

"Obligations" means all Liabilities from time to time owing by any Restricted Person to any Lender Party under or pursuant to any of the Loan Documents, including all LC Obligations. "Obligation" means any part of the Obligations.

"Open Position" means the aggregate volume of crude oil on which Restricted Persons have commodity price risk (excluding crude oil owned by Restricted Persons carried in Restricted Persons' gathering lines and pipelines), which may include, without limitation, (i) the aggregate volume of crude oil owned for which Restricted Persons do not have, on an aggregate basis, contracts for sale at a fixed price and (ii) the aggregate volumes of crude oil under contracts for purchase for which Restricted Persons do not have, on an aggregate basis, contracts for sale on the substantially same pricing basis (i.e. at a fixed price for sale substantially equivalent to or above the fixed price for purchase of such crude oil, or at an index price for sale substantially equivalent to the index price for purchase of such crude oil, or at an index price for sale substantially equivalent to a margin above the index price for purchase of such crude oil). "Open Position" shall not include, during the period from the first to the 25/th/ day of a calendar month, any volumes of crude oil which Restricted Persons are obligated to gather in the next succeeding calendar month at a price based upon the posted price from time to time in effect during such next calendar month.

"Partnership Agreement" means the Agreement of Limited Partnership of Borrower dated as of April 29, 1999, as referenced in Section 1.3.

"Percentage Share" means, with respect to any Lender, the percentage obtained by dividing (i) the sum of the unpaid principal balance of such Lender's Term Loans at the time in question plus such Lender's Revolver Commitment, by (ii) the sum of the aggregate unpaid principal balance of all Term Loans at such time plus the total Revolver Commitment.

"Permitted Acquisitions" means (A) the acquisition of all of the capital stock or other equity interest in a Person (exclusive of general partner interests held by General Partner or another Wholly Owned Subsidiary of Resources not in excess of a 1% economic interest and exclusive of director qualifying shares and other equity interests required to be held by an Affiliate to comply with a requirement of Law) or (B) any acquisition of all or a portion of the business, assets or operations of a Person (whether in a single transaction or in a series of related transactions), provided that (i) prior to and after giving effect to such acquisition no Default or Event of Default shall have occurred and be continuing; (ii) all representations and warranties shall be true and correct as if restated immediately following the consummation of such acquisition; (iii) substantially all of such business, assets and operations so acquired, or of the Person so acquired, consists of crude oil and/or gas marketing, gathering, transportation, storage, terminaling and pipeline operation; (iv) the total purchase price of any such acquisition does not exceed $5,000,000, and (v) the aggregate of the total purchase prices for all such acquisitions from the date hereof through the Term Loan Maturity Date does not exceed $10,000,000.

"Permitted Inventory Lien" means any Lien, and the amount of Liability secured thereby, on crude oil inventory which would be a Permitted Lien under Section 7.2(d).

"Permitted Investments" means (a) Cash Equivalents, (b) Investments described in the Disclosure Schedule, (c) Investments by Borrower or any of its Subsidiaries in any Wholly Owned Subsidiary of Borrower which is a Guarantor and (d) Permitted Acquisitions.

"Permitted Lien" has the meaning given to such term in Section 7.2.

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"Pipeline" means All American Pipeline, L.P., a Delaware limited partnership.

"Plains MLP" means Plains All American Pipeline, L.P., a Delaware limited partnership.

"Prepayment Premium" has the meaning given such term in Section 2.6(b).

"Rating Agency" means either S&P or Moody's.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (a) any category of liabilities which includes deposits by reference to which the Adjusted LIBOR Rate is to be determined, or (b) any category of extensions of credit or other assets which include LIBOR Loans.

"Resources" means Plains Resources Inc., a Delaware corporation.

"Restricted Person" means any of Borrower and each Subsidiary of Borrower.

"Revolver Base Rate Margin" means, on each day, one percent (1.00%) per annum.

"Revolver Commitment" means $35,000,000. Each Lender's Revolver Commitment shall be the amount set forth on the Lender Schedule.

"Revolver Commitment Period" means the period from and including the date hereof until the Revolver Maturity Date (or, if earlier, the day on which the obligation of Lenders to make

Loans hereunder and the obligation of LC Issuer to issue Letters of Credit hereunder has terminated or the day on which the Revolver Notes first become due and payable in full).

"Revolver LIBOR Rate Margin" means, on each day, two and three-quarters percent (2.75%) per annum.

"Revolver Lender" means each holder of a Revolver Note.

"Revolver Loan" has the meaning given such term in Section 2.1(a).

"Revolver Maturity Date" means May 12, 2002.

"Revolver Note" has the meaning given such term in Section 2.1(a).

"Revolver Percentage Share" means, with respect to any Revolver Lender, the Revolver Percentage Share set forth opposite such Revolver Lender's name on the Lender Schedule.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw Hill, Inc.) or its successor.

"Scurlock Permian" means Scurlock Permian LLC, a Delaware limited liability company.

"Scurlock Permian Acquisition" means the acquisition by Borrower of all of the membership interests of Scurlock Permian pursuant to the Scurlock Permian Acquisition Documents.

"Scurlock Permian Acquisition Documents" means (i) that certain Agreement for Purchase and Sale of Membership Interest in Scurlock Permian LLC between Marathon Ashland Petroleum LLC and Marketing dated as of March 17, 1999 and (ii) all other agreements executed and delivered by any Affiliate of Borrower pursuant thereto.

"Scurlock Permian Advance" has the meaning given such term in Section 2.1(b).

"Security Documents" means the instruments listed in the Security Schedule and all other security agreements, deeds of trust, mortgages, chattel mortgages, pledges, guaranties, financing statements, continuation statements, extension agreements and other agreements or instruments now, heretofore, or hereafter delivered by any Restricted Person to Administrative Agent in connection with this Agreement or any transaction contemplated hereby to secure or guarantee the payment of any part of the Obligations or the performance of any Restricted Person's other duties and obligations under the Loan Documents.

"Security Schedule" means Schedule 3 hereto.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or

organization which is directly or indirectly (through one or more intermediaries) controlled or owned more than fifty percent by such Person.

"Term Lender" means each holder of a Term Note.

"Term Loan" has the meaning given such term in Section 2.1(b).

"Term Loan Base Rate Margin" means, on each day, one and one-quarter percent (1.25%) per annum.

"Term Loan LIBOR Rate Margin" means, on each day, three percent (3.00%) per annum.

"Term Loan Maturity Date" means May 12, 2004.

"Term Note" has the meaning given such term in Section 2.1(b).

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(c)(5) or (6) of ERISA or (ii) any other reportable event described in Section 4043(c) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA, or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate any ERISA Plan or the treatment of any ERISA Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate any ERISA Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"Type" means, with respect to any Loans, the characterization of such Loans as either Base Rate Loans or LIBOR Loans.

"Wholly Owned Subsidiary" means any Subsidiary of a Person, all of the issued and outstanding stock, limited liability company membership interests, or partnership interests of which (including all rights or options to acquire such stock or interests) are directly or indirectly (through one or more Subsidiaries) owned by such Person, excluding any general partner interests owned by General Partner in any such Subsidiary that is a partnership, such general partner interests not to exceed two percent (2%) of the aggregate ownership interests of any such partnership and directors' qualifying shares if applicable.

"Y2K Plan" has the meaning given such term in Section 5.21(a).

Section 1.2. Exhibits and Schedules; Additional Definitions. All Exhibits and Schedules attached to this Agreement are a part hereof for all purposes. Reference is hereby made to the Security Schedule for the meaning of certain terms defined therein and used but not defined herein, which definitions are incorporated herein by reference.

Section 1.3. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement. All references to the term "Partnership Agreement" shall be deemed to be references to that agreement in the form approved by Administrative Agent, and as such agreement is executed and delivered by the parties thereto on the date of this Agreement.

Section 1.4. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement," "this instrument," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation." Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 1.5. Calculations and Determinations. All calculations under the Loan Documents of interest chargeable with respect to LIBOR Loans and of fees shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All other calculations of interest made under the Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Lender Party of amounts to be paid under Article III or any other matters which are to be determined hereunder by a Lender Party (such as any LIBOR Rate, Adjusted LIBOR Rate, Business Day, Interest Period, or Reserve Requirement) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless Majority Lenders otherwise consent all financial statements and reports furnished to any Lender Party hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with GAAP.

ARTICLE II - The Loans and Letters of Credit

Section 2.1. Commitments to Lend; Notes.

(a) Revolver Loans. Subject to the terms and conditions hereof, each Revolver Lender agrees to make loans to Borrower (herein called such Lender's "Revolver Loans") upon Borrower's request from time to time during the Revolver Commitment Period, provided that (a) subject to Sections 3.3, 3.4 and 3.6, all Revolver Lenders are requested to make Revolver Loans of the same Type in accordance with their respective Revolver Percentage Shares and as part of the same Borrowing, (b) after giving effect to such Revolver Loans, the Facility Usage does not exceed the Revolver Commitment determined as of the date on which the requested Revolver Loans are to be made and (c) after giving effect to such Revolver Loans the Revolver Loans by each Revolver Lender plus the existing LC Obligations of such Revolver Lender does not exceed such Lender's Revolver Commitment. The aggregate amount of all Revolver Loans in any Borrowing must be equal to $500,000 or any higher integral multiple of $250,000. The obligation of Borrower to repay to each Revolver Lender the aggregate amount of all Revolver Loans made by such Revolver Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Lender's "Revolver Note") made by Borrower payable to the order of such Revolver Lender in the form of Exhibit A-1 with appropriate insertions. The amount of principal owing on any Revolver Lender's Revolver Note at any given time shall be the aggregate amount of all Revolver Loans theretofore made by such Revolver Lender minus all payments of principal theretofore received by such Revolver Lender on such Revolver Note. Interest on each Revolver Note shall accrue and be due and payable as provided herein and therein. Each Revolver Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Revolver Maturity Date. Subject to the terms and conditions of this Agreement, Borrower may borrow, repay, and reborrow under this Section 2.1(a). Borrower may have no more than five Borrowings of LIBOR Loans outstanding at any time.

(b) Term Loans. Subject to the terms and conditions hereof, each Term Lender agrees to make two (2) advances to Borrower (herein called such Lender's "Term Loans") upon Borrower's request on or before July 15, 1999, provided that (a) such Term Loans by a Term Lender do not exceed such Term Lender's Term Loan amount set forth on the Lender Schedule and (b) the aggregate amount of all Term Loans does not exceed $130,000,000. The aggregate amount of one such advance of Term Loans from all Term Lenders not to exceed the aggregate amount of $90,000,000 shall be used to partially finance the Scurlock Permian Acquisition (the "Scurlock Permian Advance") and the aggregate amount of one such advance of Term Loans from all Term Lenders not to exceed the aggregate amount of $40,000,000 shall be used to partially finance the Chevron Acquisition (the "Chevron Advance"). Portions of each Lender's Term Loan may from time to time be designated as a Base Rate Loan or LIBOR Loan as provided herein. The obligation of Borrower to repay to each Term Lender the amount of the Term Loan made by such Term Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Term Lender's "Term Note") made by Borrower payable to the order of such Term Lender in the form of Exhibit A-2 with appropriate insertions. The amount of principal owing on any Term Lender's Term Note at any given time shall be the amount of such Term Lender's Term Loan minus all payments of principal

theretofore received by such Term Lender on such Term Note. Interest on each Term Note shall accrue and be due and payable as provided herein and therein. Each Term Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Term Loan Maturity Date. No portion of any Term Loan which has been repaid may be reborrowed.

Section 2.2. Requests for Revolver Loans. Borrower must give to Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of Revolver Loans to be funded by Revolver Lenders. Each such notice constitutes a "Borrowing Notice" hereunder and must:

(a) specify (i) the aggregate amount of any such Borrowing of new Base Rate Loans and the date on which such Base Rate Loans are to be advanced, or (ii) the aggregate amount of any such Borrowing of new LIBOR Loans, the date on which such LIBOR Loans are to be advanced (which shall be the first day of the Interest Period which is to apply thereto), and the length of the applicable Interest Period; and

(b) be received by Administrative Agent not later than 11:00 a.m., Boston, Massachusetts time, on (i) the day on which any such Base Rate Loans are to be made, or (ii) the third Business Day preceding the day on which any such LIBOR Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit B, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, Administrative Agent shall give each Revolver Lender prompt notice of the terms thereof. If all conditions precedent to such new Revolver Loans have been met, each Revolver Lender will on the date requested promptly remit to Administrative Agent at Administrative Agent's office in Boston, Massachusetts the amount of such Revolver Lender's new Revolver Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Revolver Loans have been neither met nor waived as provided herein, Administrative Agent shall promptly make such Revolver Loans available to Borrower. Unless Administrative Agent shall have received prompt notice from a Revolver Lender that such Revolver Lender will not make available to Administrative Agent such Revolver Lender's new Revolver Loan, Administrative Agent may in its discretion assume that such Revolver Lender has made such Revolver Loan available to Administrative Agent in accordance with this section, and Administrative Agent may if it chooses, in reliance upon such assumption, make such Revolver Loan available to Borrower. If and to the extent such Revolver Lender shall not so make its new Revolver Loan available to Administrative Agent, such Lender and Borrower severally agree to pay or repay to Administrative Agent within three days after demand the amount of such Revolver Loan together with interest thereon, for each day from the date such amount was made available to Borrower until the date such amount is paid or repaid to Administrative Agent, with interest at (i) the Federal Funds Rate, if such Lender is making such payment and (ii) the interest rate applicable at the time to the other new Revolver Loans made on such date, if Borrower is making such repayment. If neither such Revolver Lender nor Borrower pays or repays to Administrative Agent such amount within such three-day period, Administrative

Agent shall, be entitled to recover from Borrower, on demand in lieu of the interest provided for in the preceding sentence, interest thereon at the Default Rate, calculated from the date such amount was made available to Borrower. The failure of any Revolver Lender to make any new Revolver Loan to be made by it hereunder shall not relieve any other Revolver Lender of its obligation hereunder, if any, to make its new Revolver Loan, but no Revolver Lender shall be responsible for the failure of any other Revolver Lender to make any new Revolver Loan to be made by such other Revolver Lender.

Section 2.3. Continuations and Conversions of Existing Loans. Borrower may make the following elections with respect to Revolver Loans or Term Loans already outstanding: to Convert, in whole or in part, Base Rate Loans to LIBOR Loans, to Convert, in whole or in part, LIBOR Loans to Base Rate Loans on the last day of the Interest Period applicable thereto, and to Continue, in whole or in part, LIBOR Loans beyond the expiration of such Interest Period by designating a new Interest Period to take effect at the time of such expiration. In making such elections, Borrower may combine existing Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Loans made pursuant to one Borrowing into separate new Borrowings, provided that (i) Borrower may have no more than five Borrowings of LIBOR Loans outstanding at any time and (ii) no combinations may be made between Borrowings constituting Revolver Loans on the one hand and Borrowings constituting Term Loans on the other hand. To make any such election, Borrower must give to Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing Loans which are to be Continued or Converted;

(b) specify (i) the aggregate amount of any Borrowing of Base Rate Loans into which such existing Loans are to be Continued or Converted and the date on which such Continuation or Conversion is to occur, or (ii) the aggregate amount of any Borrowing of LIBOR Loans into which such existing Loans are to be Continued or Converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Interest Period which is to apply to such LIBOR Loans), and the length of the applicable Interest Period; and

(c) be received by Administrative Agent not later than 11:00 a.m., Boston, Massachusetts time, on (i) the day on which any such Continuation or Conversion to Base Rate Loans is to occur, or (ii) the third Business Day preceding the day on which any such Continuation or Conversion to LIBOR Loans is to occur.

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, Administrative Agent shall give each Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on Borrower. During the continuance of any Default, Borrower may not make any

election to Convert existing Loans into LIBOR Loans or Continue existing Loans as LIBOR Loans beyond the expiration of their respective and corresponding Interest Period then in effect. If (due to the existence of a Default or for any other reason) Borrower fails to timely and properly give any Continuation/Conversion Notice with respect to a Borrowing of existing LIBOR Loans at least three days prior to the end of the Interest Period applicable thereto, such LIBOR Loans, to the extent not prepaid at the end of such Interest Period, shall automatically be Converted into Base Rate Loans at the end of such Interest Period. No new funds shall be repaid by Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing Loans pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in the interest rate applicable to already outstanding Loans.

Section 2.4. Use of Proceeds. Borrower shall use (i) the Scurlock Permian Advance to partially finance the Scurlock Permian Acquisition and the Chevron Advance to partially finance the Chevron Acquisition and (ii) Revolver Loans (a) for Cash and Carry Advances up to the full amount of the Revolver Commitment, and (b) for other than Cash and Carry Advances in an amount which does not exceed $20,000,000 in the aggregate at any one time outstanding, for the purposes of paying reimbursement obligations of Letters of Credit, providing working capital for operations of any Restricted Person, and for other general business purposes of any Restricted Person, including Permitted Investments, but not to pay distributions to partners of Restricted Persons except as provided in Section 7.6, provided that the Facility Usage shall not exceed the Revolver Commitment. Borrower shall use all Letters of Credit for its and its Subsidiaries' general corporate purposes, but not to pay distributions to partners of Restricted Persons. In no event shall the funds from any Loan or any Letter of Credit be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" (as such term is defined in Regulation U promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock. Borrower represents and warrants that Borrower is not engaged principally, or as one of Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock.

Section 2.5. Interest Rates and Fees.

(a) Revolver Interest Rates. Each Revolver Loan shall bear interest as follows: (i) unless the Default Rate shall apply, (A) each Base Rate Loan shall bear interest on each day outstanding at the Base Rate plus the Revolver Base Rate Margin in effect on such day, and (B) each LIBOR Loan shall bear interest on each day during the related Interest Period at the related Adjusted LIBOR Rate plus the Revolver LIBOR Rate Margin in effect on such day, and (ii) during a Default Rate Period, all Revolver Loans shall bear interest on each day outstanding at the Default Rate. If an Event of Default based upon Section 8.1(a), Section 8.1(b) or, with respect to Borrower, based upon Section 8.1(i)(i), (i)(ii) or (i)(iii) exists and the Revolver Loans are not bearing interest at the Default Rate, the past due principal and past due interest shall bear interest on each day outstanding at the Default Rate. The interest rate shall change whenever the applicable Base Rate or the Adjusted LIBOR Rate changes. In no event shall the interest rate on any Revolver Loan exceed the Highest Lawful Rate.

(b) Term Loan Interest Rates. Each Term Loan shall bear interest as follows: (i) unless the Default Rate shall apply, (A) each Base Rate Loan shall bear interest on each day outstanding at the Base Rate plus the Term Loan Base Rate Margin in effect on such day, and (B) each LIBOR Loan shall bear interest on each day during the related Interest Period at the related Adjusted LIBOR Rate plus the Term Loan LIBOR Rate Margin in effect on such day and (ii) during a Default Rate Period, all Term Loans shall bear interest on each day outstanding at the Default Rate. If an Event of Default based upon Section 8.1(a) or Section 8.1(b) or, with respect to Borrower, based upon Section 8.1(i)(i), (i)(ii) or (i)(iii) exists and the Term Loans are not bearing interest at the Default Rate, the past due principal and past due interest shall bear interest on each day outstanding at the Default Rate. The interest rate shall change whenever the applicable Base Rate or Adjusted LIBOR Rate changes. In no event shall the interest rate on any Term Loan exceed the Highest Lawful Rate.

(c) Revolver Commitment Fees. In consideration of each Revolver Lender's commitment to make Revolver Loans, Borrower will pay to Administrative Agent for the account of each Revolver Lender a commitment fee determined on a daily basis by applying a rate of one-half of one percent (.50%) per annum to such Revolver Lender's Revolver Percentage Share of the unused portion of the Revolver Commitment on each day during the Revolver Commitment Period, determined for each such day by deducting from the amount of the Revolver Commitment at the end of such day the Facility Usage. This commitment fee shall be due and payable in arrears on the last day of each Fiscal Quarter and at the end of the Revolver Commitment Period. Borrower shall have the right from time to time to permanently reduce the Revolver Commitment, provided that (i) notice of such reduction is given not less than two (2) Business Days prior to such reduction, (ii) the resulting Revolver Commitment is not less than the Facility Usage and (iii) each partial reduction shall be in an amount at least equal to $500,000 and in multiples of $100,000 in excess thereof.

(d) Administrative Agent's Fees. In addition to all other amounts due to Administrative Agent under the Loan Documents, Borrower will pay all fees as described in a letter agreement dated March 17, 1999, between Syndication Agent and Marketing.

Section 2.6. Optional Prepayments.

(a) Revolver Loans. Borrower may, upon two Business Days' notice to Administrative Agent (and Administrative Agent will promptly give notice to the other Lenders) from time to time and without premium or penalty prepay the Revolver Loans, in whole or in part, so long as the aggregate amounts of all partial prepayments of principal on the Revolver Loans equals $500,000 or any higher integral multiple of $250,000, and, if the Term Loans have been paid in full, so long as Borrower does not make any prepayments which would reduce the unpaid principal balance of the Revolver Loans to less than $100,000 without first either (i) terminating this Agreement or (ii) providing assurance satisfactory to Administrative Agent in its discretion that Revolver Lenders' legal rights under the Loan Documents are in no way affected by such reduction. Upon receipt of any such notice, Administrative Agent shall give each Revolver Lender prompt notice of the terms thereof.

(b) Term Loans. Borrower may, upon five Business Days' notice to each Term Lender from time to time and without premium (except as provided below) or penalty prepay the Term Loans, in whole or in part, so long as the aggregate of amounts of all partial prepayments of principal on the Term Loans equals $5,000,000 or any higher integral multiple of $1,000,000. Notwithstanding the foregoing sentence, if Borrower shall prepay, in whole or in part, the Term Loans before the first anniversary of the initial advance of the Term Loans, voluntarily as provided in this Section 2.6(b) or as a result of an event specified in Section 2.7(a) or (b), Borrower shall pay to Administrative Agent for the account of each Term Lender a prepayment premium (the "Prepayment Premium") in an amount equal to one-half percent (.50%) of the amount of any such prepayment.

(c) Interest on Prepayment. Each prepayment of principal under Section 2.6(a) or 2.6(b) shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to Section 2.6(a) or 2.6(b) shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

Section 2.7. Mandatory Prepayments.

(a) Without limiting the requirements of Section 7.5 hereof regarding the consent of Majority Lenders to sales of property by Restricted Persons which are not permitted by Section 7.5, the cash proceeds of any sale of property (net of all reasonable costs and expenses, but excluding proceeds consisting of tangible property to be used in the business of Restricted Persons) by any Restricted Person (other than a sale of property permitted under Section 7.5 hereof) shall be placed in a collateral account under the control of Administrative Agent in a manner satisfactory to Administrative Agent immediately upon such Restricted Person's receipt of such proceeds and maintained therein for a period of ninety (90) days following the date of receipt thereof in cash (in this Section 2.7(a) referred to as the "Collateral Period"). If any consideration consists of an instrument or security, the Collateral Period shall, with respect to each amount of cash received in respect thereof, continue until ninety (90) days following such Restricted Person's receipt of such cash unless, pursuant to the following sentence, an approved investment included such cash; any cash in a collateral account may be invested in Cash Equivalents designated by Borrower. During each Collateral Period, Borrower may propose to invest such proceeds in other property subject to the approval of Majority Lenders, and shall thereafter invest such proceeds in such property so approved by Majority Lenders. At the end of each Collateral Period or, if an investment is so proposed and approved during such Collateral Period, within one hundred-eighty (180) days after such proposed investment has been so approved by Majority Lenders, any such proceeds which have not been so invested by Borrower shall be applied pro rata to the reduction of the outstanding principal balance of the Term Loans and the Revolver Loans at such time, and the Revolver Commitment shall be reduced by an amount equal to the prepayment applied to the Revolver Loans. Any prepayment on the Term Loans made pursuant to this Section 2.7(a) before the first anniversary of the initial advance of the Term Loans shall be subject to the payment of the Prepayment Premium specified in Section 2.6(b).

(b) Without limiting the foregoing Section 2.7(a), the cash proceeds (net of underwriters' or purchasers' discounts and commissions, legal, accountancy, registration, or

printing fees and expenses and other fees and expenses incurred in connection with such offering to be paid or reimbursed by the issuer and net of any taxes, if any, paid or payable as a result thereof) of any debt or equity offering (not including any revolving credit facility or the initial issuance of Class B Common Units issued by Plains MLP prior to the Scurlock Permian Advance) of (i) any Restricted Person or (ii) Plains MLP or any Subsidiary of Plains MLP that is not a Restricted Person (subject to the required consent, if any, under a credit or similar agreement to which such Person is a party), shall be applied pro rata to the reduction of the outstanding principal balance of the Term Loans at the time of such offering. Any prepayment on the Term Loans made pursuant to this Section 2.7(b) before the first anniversary of the initial advance of the Term Loans shall be subject to the payment of the Prepayment Premium specified in Section 2.6(b).

(c) If at any time the Facility Usage exceeds the Revolver Commitment (whether due to a reduction in the Revolver Commitment in accordance with this Agreement, or otherwise), Borrower shall immediately upon demand prepay the principal of the Revolver Loans in an amount at least equal to such excess. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

Section 2.8. Letters of Credit. Subject to the terms and conditions hereof, Borrower may during the Revolver Commitment Period request LC Issuer to issue, amend, or extend the expiration date of, one or more Letters of Credit, provided that, after taking such Letter of Credit into account:

(a) the Facility Usage does not exceed the Revolver Commitment at such time;

(b) the expiration date of such Letter of Credit is prior to the earlier of (i) one (1) year after the date of issuance of such Letter of Credit or (ii) the end of the Revolver Commitment Period;

(c) such Letter of Credit is to be used for general corporate purposes of Borrower or any of its Subsidiaries and is not directly or indirectly used to assure payment of or otherwise support any Indebtedness of any Person, except Indebtedness of a Restricted Person;

(d) the issuance of such Letter of Credit will be in compliance with all applicable governmental restrictions, policies, and guidelines and will not subject LC Issuer to any cost which is not reimbursable under Article III;

(e) the form and terms of such Letter of Credit are acceptable to LC Issuer in its sole and absolute discretion; and

(f) all other conditions in this Agreement to the issuance of such Letter of Credit have been satisfied.

LC Issuer will honor any such request if the foregoing conditions (a) through (g) (in the following Section 2.9 called the "LC Conditions") have been met as of the date of issuance, amendment, or extension of the expiration, of such Letter of Credit.

Section 2.9. Requesting Letters of Credit. Borrower must make written application for any Letter of Credit at least two Business Days before the date on which Borrower desires for LC Issuer to issue such Letter of Credit. By making any such written application, unless otherwise expressly stated therein, Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.8 will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in writing in the form and substance of Exhibit G, the terms and provisions of which are hereby incorporated herein by reference (or in such other form as may mutually be agreed upon by LC Issuer and Borrower). If all LC Conditions for a Letter of Credit have been met as described in Section 2.8 on any Business Day before 11:00 a.m., Boston, Massachusetts time, LC Issuer will issue such Letter of Credit on the same Business Day at LC Issuer's office in Boston, Massachusetts. If the LC Conditions are met as described in Section 2.8 on any Business Day on or after 11:00 a.m., Boston, Massachusetts time, LC Issuer will issue such Letter of Credit on the next succeeding Business Day at LC Issuer's office in Boston, Massachusetts. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

Section 2.10. Reimbursement and Participations.

(a) Reimbursement by Borrower. Each Matured LC Obligation shall constitute a loan by LC Issuer to Borrower. Borrower promises to pay to LC Issuer, or to LC Issuer's order, on demand, the full amount of each Matured LC Obligation, together with interest thereon (i) at the Base Rate to and including the second Business Day after the Matured LC Obligation is incurred and (ii) at the Default Rate on each day thereafter.

(b) Letter of Credit Advances. If the beneficiary of any Letter of Credit makes a draft or other demand for payment thereunder then Borrower may, during the interval between the making thereof and the honoring thereof by LC Issuer, request Revolver Lenders to make Revolver Loans to Borrower in the amount of such draft or demand, which Revolver Loans shall be made concurrently with LC Issuer's payment of such draft or demand and shall be immediately used by LC Issuer to repay the amount of the resulting Matured LC Obligation. Such a request by Borrower shall be made in compliance with all of the provisions hereof, provided that for the purposes of the first sentence of Section 2.1(a), the amount of such Revolver Loans shall be considered, but the amount of the Matured LC Obligation to be concurrently paid by such Revolver Loans shall not be considered.

(c) Participation by Revolver Lenders. LC Issuer irrevocably agrees to grant and hereby grants to each Revolver Lender, and -- to induce LC Issuer to issue Letters of Credit hereunder -- each Revolver Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from LC Issuer, on the terms and conditions hereinafter stated and for such Revolver Lender's own account and risk an undivided interest equal to such Revolver Lender's Revolver Percentage Share of LC Issuer's obligations and rights under each Letter of Credit

issued hereunder and the amount of each Matured LC Obligation paid by LC Issuer thereunder. Each Revolver Lender unconditionally and irrevocably agrees with LC Issuer that, if a Matured LC Obligation is paid under any Letter of Credit for which LC Issuer is not reimbursed in full by Borrower in accordance with the terms of this Agreement and the related LC Application (including any reimbursement by means of concurrent Loans or by the application of LC Collateral), such Revolver Lender shall (in all circumstances and without set-off or counterclaim) pay to LC Issuer on demand, in immediately available funds at LC Issuer's address for notices hereunder, such Lender's Revolver Percentage Share of such Matured LC Obligation (or any portion thereof which has not been reimbursed by Borrower). Each Revolver Lender's obligation to pay LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Revolver Lender to LC Issuer pursuant to this subsection is paid by such Revolver Lender to LC Issuer within three Business Days after the date such payment is due, LC Issuer shall in addition to such amount be entitled to recover from such Revolver Lender, on demand, interest thereon calculated from such due date at the Federal Funds Rate. If any amount required to be paid by any Revolver Lender to LC Issuer pursuant to this subsection is not paid by such Revolver Lender to LC Issuer within three Business Days after the date such payment is due, LC Issuer shall in addition to such amount be entitled to recover from such Revolver Lender, on demand, interest thereon calculated from such due date at the Base Rate.

(d) Distributions to Participants. Whenever LC Issuer has in accordance with this section received from any Revolver Lender payment of such Lender's Revolver Percentage Share of any Matured LC Obligation, if LC Issuer thereafter receives any payment of such Matured LC Obligation or any payment of interest thereon (whether directly from Borrower or by application of LC Collateral or otherwise, and excluding only interest for any period prior to LC Issuer's demand that such Revolver Lender make such payment of its Revolver Percentage Share), LC Issuer will distribute to such Lender its Revolver Percentage Share of the amounts so received by LC Issuer; provided, however, that if any such payment received by LC Issuer must thereafter be returned by LC Issuer, such Revolver Lender shall return to LC Issuer the portion thereof which LC Issuer has previously distributed to it.

(e) Calculations. A written advice setting forth in reasonable detail the amounts owing under this section, submitted by LC Issuer to Borrower or any Revolver Lender from time to time, shall be conclusive, absent manifest error, as to the amounts thereof.

Section 2.11. Letter of Credit Fees. In consideration of LC Issuer's issuance of any Letter of Credit, Borrower agrees to pay (i) to Administrative Agent for the account of each Revolver Lender in proportion to its Revolver Percentage Share, a letter of credit fee equal to the Letter of Credit Fee Rate applicable each day times the face amount of such Letter of Credit and (ii) to such LC Issuer for its own account, a letter of credit fronting fee at a rate equal to one-eighth percent (.125%) per annum times the face amount of such Letter of Credit. Each such fee will be calculated on the face amount of each Letter of Credit outstanding on each day at the above applicable rates and will be payable quarterly in arrears. In addition, Borrower will pay to LC Issuer a minimum administrative issuance fee and such other fees and charges customarily charged by the LC Issuer in respect of any issuance, amendment or negotiation of any Letter of Credit in

accordance with the LC Issuer's published schedule of such charges effective as of the date of such amendment or negotiation.

Section 2.12. No Duty to Inquire.

(a) Drafts and Demands. LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance or payment or thereafter. LC Issuer is under no duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. Borrower releases each Lender Party from, and agrees to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the subject matter of this section, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

(b) Extension of Maturity. If the maturity of any Letter of Credit is extended by its terms or by Law or governmental action, if any extension of the maturity or time for presentation of drafts or any other modification of the terms of any Letter of Credit is made at the request of Borrower, or if the amount of any Letter of Credit is increased at the request of Borrower, this Agreement shall be binding upon all Restricted Persons with respect to such Letter of Credit as so extended, increased or otherwise modified, with respect to drafts and property covered thereby, and with respect to any action taken by LC Issuer, LC Issuer's correspondents, or any Lender Party in accordance with such extension, increase or other modification.

(c) Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, LC Issuer shall have no duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by LC Issuer to any purported transferee or transferees as determined by LC Issuer is hereby authorized and approved, and Borrower releases each Lender Party from, and agrees to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the foregoing, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

Section 2.13. LC Collateral.

(a) LC Obligations in Excess of Revolver Commitment. If, after the making of all mandatory prepayments required under Section 2.7, the outstanding LC Obligations will exceed the Revolver Commitment, then in addition to prepayment of the entire principal balance of the Revolver Loans Borrower will immediately pay to LC Issuer an amount equal to such excess. LC Issuer will hold such amount as collateral security for the remaining LC Obligations (all such amounts held as collateral security for LC Obligations being herein collectively called "LC Collateral") and the Revolver Loans, and such collateral may be applied from time to time to pay Matured LC Obligations. Neither this subsection nor the following subsection shall, however, limit or impair any rights which LC Issuer may have under any other document or agreement relating to any Letter of Credit, LC Collateral or LC Obligation, including any LC Application, or any rights which any Lender Party may have to otherwise apply any payments by Borrower and any LC Collateral under Section 3.1.

(b) Acceleration of LC Obligations. If the Obligations or any part thereof become immediately due and payable pursuant to Section 8.1 then, unless all Revolver Lenders otherwise specifically elect to the contrary (which election may thereafter be retracted by any Revolver Lender at any time), all LC Obligations shall become immediately due and payable without regard to whether or not actual drawings or payments on the Letters of Credit have occurred, and Borrower shall be obligated to pay to LC Issuer immediately an amount equal to the aggregate LC Obligations which are then outstanding to be held as LC Collateral.

(c) Investment of LC Collateral. Pending application thereof, all LC Collateral shall be invested by LC Issuer in such Cash Equivalents as LC Issuer may choose in its sole discretion. All interest on (and other proceeds of) such Investments shall be reinvested or applied to Matured LC Obligations or the Revolver Loans which are due and payable. When all Obligations have been satisfied in full, including all LC Obligations, all Letters of Credit have expired or been terminated, and all of Borrower's reimbursement obligations in connection therewith have been satisfied in full, LC Issuer shall release any remaining LC Collateral. Borrower hereby assigns and grants to LC Issuer for the benefit of Revolver Lenders a continuing security interest in all LC Collateral paid by it to LC Issuer, all Investments purchased with such LC Collateral, and all proceeds thereof to secure its Matured LC Obligations and its Obligations under this Agreement, each Note, and the other Loan Documents, and Borrower agrees that such LC Collateral, Investments and proceeds shall be subject to all of the terms and conditions of the Security Documents. Borrower further agrees that LC Issuer shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of New York with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest.

(d) Payment of LC Collateral. When Borrower is required to provide LC Collateral for any reason and fails to do so on the day when required, LC Issuer or Administrative Agent may without prior notice to Borrower or any other Restricted Person provide such LC Collateral (whether by application of proceeds of other Collateral, by transfers from other accounts maintained with LC Issuer, or otherwise) using any available funds of Borrower or any other Person also liable to make such payments, and LC Issuer or Administrative Agent will give notice

thereof to Borrower promptly after such application or transfer. Any such amounts which are required to be provided as LC Collateral and which are not provided on the date required shall, for purposes of each Security Document, be considered past due Obligations owing hereunder, and LC Issuer is hereby authorized to exercise its respective rights under each Security Document to obtain such amounts.

Section 2.14. Hedging Contracts. All Hedging Contracts permitted hereunder entered into with any one or more Lenders or their Affiliates shall be deemed to be Obligations and be secured by all Collateral; subject, however, to the provisions of Section 3.9 hereof.

ARTICLE III - Payments to Lenders

Section 3.1. General Procedures. Borrower will make each payment which it owes under the Loan Documents to Administrative Agent for the account of the Lender Party to whom such payment is owed in lawful money of the United States of America, without set-off, deduction or counterclaim, and in immediately available funds. Each such payment must be received by Administrative Agent not later than noon, Boston, Massachusetts time, on the date such payment becomes due and payable. Any payment received by Administrative Agent after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the Loan Document under which such payment is due. Each payment under a Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment of Administrative Agent's Note. When Administrative Agent collects or receives money on account of the Obligations, other than as provided in Section 3.9, Administrative Agent shall distribute all money so collected or received, and each Lender Party shall apply all such money so distributed, as follows:

(a) first, for the payment of all Obligations which are then due (and if such money is insufficient to pay all such Obligations, first to any reimbursements due Administrative Agent under Section 6.9 or 10.4 and then to the partial payment of all other Obligations then due in proportion to the amounts thereof, or as Lender Parties shall otherwise agree);

(b) then for the prepayment of amounts owing under the Loan Documents (other than principal on the Notes) if so specified by Borrower;

(c) then for the prepayment of principal on the Notes, together with accrued and unpaid interest on the principal so prepaid; and

(d) last, for the payment or prepayment of any other Obligations.

All payments applied to principal or interest on any Note shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal

and interest in compliance with Sections 2.6 and 2.7. All distributions of amounts described in any of subsections (b), (c) or (d) above shall be made by Administrative Agent pro rata to each Lender Party then owed Obligations described in such subsection in proportion to all amounts owed to all Lender Parties which are described in such subsection; provided that if any Lender then owes payments to LC Issuer for the purchase of a participation under Section 2.13(c) or to Administrative Agent under Section 9.4, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to LC Issuer, or Administrative Agent, respectively, to the extent of such unpaid payments, and Administrative Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

Section 3.2. Capital Reimbursement. If either (a) the introduction or implementation of or the compliance with or any change in or in the interpretation of any Law, or (b) the introduction or implementation of or the compliance with any request, directive or guideline from any central bank or other governmental authority (whether or not having the force of Law) affects or would affect the amount of capital required or expected to be maintained by any Lender Party or any corporation controlling any Lender Party, then, within five Business Days after demand by such Lender Party, Borrower will pay to Administrative Agent for the benefit of such Lender Party, from time to time as specified by such Lender Party, such additional amount or amounts which such Lender Party shall determine to be appropriate to compensate such Lender Party or any corporation controlling such Lender Party in light of such circumstances, to the extent that such Lender Party reasonably determines that the amount of any such capital would be increased or the rate of return on any such capital would be reduced by or in whole or in part based on the existence of the face amount of such Lender Party's Loans, Letters of Credit, participations in Letters of Credit or commitments under this Agreement.

Section 3.3. Increased Cost of LIBOR Loans or Letters of Credit. If any applicable Law (whether now in effect or hereinafter enacted or promulgated, including Regulation D) or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of Law):

(a) shall change the basis of taxation of payments to any Lender Party of any principal, interest, or other amounts attributable to any LIBOR Loan or Letter of Credit or otherwise due under this Agreement in respect of any LIBOR Loan or Letter of Credit (other than taxes imposed on, or measured by, the overall net income of such Lender Party or any Applicable Lending Office of such Lender Party by any jurisdiction in which such Lender Party or any such Applicable Lending Office is located); or

(b) shall change, impose, modify, apply or deem applicable any reserve, special deposit or similar requirements in respect of any LIBOR Loan or any Letter of Credit (excluding those for which such Lender Party is fully compensated pursuant to adjustments made in the definition of LIBOR Rate) or against assets of, deposits with or for the account of, or credit extended by, such Lender Party; or

(c) shall impose on any Lender Party or the interbank eurocurrency deposit market any other condition affecting any LIBOR Loan or Letter of Credit, the result of which is to increase the cost to any Lender Party of funding or maintaining any LIBOR

Loan or of issuing any Letter of Credit or to reduce the amount of any sum receivable by any Lender Party in respect of any LIBOR Loan or Letter of Credit by an amount deemed by such Lender Party to be material,

then such Lender Party shall promptly notify Administrative Agent and Borrower in writing of the happening of such event and of the amount required to compensate such Lender Party for such event (on an after-tax basis, taking into account any taxes on such compensation), whereupon (i) Borrower shall, within five Business Days after demand therefor by such Lender Party, pay such amount to Administrative Agent for the account of such Lender Party and (ii) Borrower may elect, by giving to Administrative Agent and such Lender Party not less than three Business Days' notice, to Convert all (but not less than all) of any such LIBOR Loans into Base Rate Loans.

Section 3.4. Notice; Change of Applicable Lending Office. A Lender Party shall notify Borrower of any event occurring after the date of this Agreement that will entitle such Lender Party to compensation under Section 3.2, 3.3 or 3.5 hereof as promptly as practicable, but in any event within 90 days, after such Lender Party obtains actual knowledge thereof; provided, that (i) if such Lender Party fails to give such notice within 90 days after it obtains actual knowledge of such an event, such Lender Party shall, with respect to compensation payable pursuant to Section 3.2, 3.3 or 3.5 in respect of any costs resulting from such event, only be entitled to payment under Section 3.2, 3.3 or 3.5 hereof for costs incurred from and after the date 90 days prior to the date that such Lender Party does give such notice and (ii) such Lender Party will designate a different Applicable Lending Office for the Loans affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender Party, be disadvantageous to such Lender Party, except that such Lender Party shall have no obligation to designate an Applicable Lending Office located in the United States of America. Each Lender Party will furnish to Borrower a certificate setting forth the basis and amount of each request by such Lender Party for compensation under Section 3.2, 3.3, or 3.5 hereof.

Section 3.5. Availability. If (a) any change in applicable Laws, or in the interpretation or administration thereof of or in any jurisdiction whatsoever, domestic or foreign, shall make it unlawful or impracticable for any Lender Party to fund or maintain LIBOR Loans or to issue or participate in Letters of Credit, or shall materially restrict the authority of any Lender Party to purchase or take offshore deposits of dollars (i.e., "eurodollars"), or (b) any Lender Party determines that matching deposits appropriate to fund or maintain any LIBOR Loan are not available to it, or (c) any Lender Party determines that the formula for calculating the LIBOR Rate does not fairly reflect the cost to such Lender Party of making or maintaining loans based on such rate, then, upon notice by such Lender Party to Borrower and Administrative Agent, Borrower's right to elect LIBOR Loans from such Lender Party (or, if applicable, to obtain Letters of Credit) shall be suspended to the extent and for the duration of such illegality, impracticability or restriction and all LIBOR Loans of such Lender Party which are then outstanding or are then the subject of any Borrowing Notice and which cannot lawfully or practicably be maintained or funded shall immediately become or remain, or shall be funded as, Base Rate Loans of such Lender Party. Borrower agrees to indemnify each Lender Party and hold it harmless against all costs, expenses, claims, penalties, liabilities and damages which may result from any such change in Law, interpretation or administration. Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

Section 3.6. Funding Losses. In addition to its other obligations hereunder, Borrower will indemnify each Lender Party against, and reimburse each Lender Party on demand for, any loss or expense incurred or sustained by such Lender Party (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by a Lender Party to fund or maintain LIBOR Loans), as a result of (a) any payment or prepayment (whether or not authorized or required hereunder) of all or a portion of a LIBOR Loan on a day other than the day on which the applicable Interest Period ends, (b) any payment or prepayment, whether or not required hereunder, of a Loan made after the delivery, but before the effective date, of a Continuation/Conversion Notice, if such payment or prepayment prevents such Continuation/Conversion Notice from becoming fully effective, (c) the failure of any Loan to be made or of any Continuation/Conversion Notice to become effective due to any condition precedent not being satisfied or due to any other action or inaction of any Restricted Person, or (d) any Conversion (whether or not authorized or required hereunder) of all or any portion of any LIBOR Loan into a Base Rate Loan or into a different LIBOR Loan on a day other than the day on which the applicable Interest Period ends. Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

Section 3.7. Reimbursable Taxes. Borrower covenants and agrees that:

(a) Borrower will indemnify each Lender Party against and reimburse each Lender Party for all present and future income, stamp and other taxes, levies, costs and charges whatsoever imposed, assessed, levied or collected on or in respect of this Agreement or any LIBOR Loans or Letters of Credit (whether or not legally or correctly imposed, assessed, levied or collected), excluding, however, any taxes imposed on or measured by the overall net income of Administrative Agent or such Lender Party or any Applicable Lending Office of such Lender Party by any jurisdiction in which such Lender Party or any such Applicable Lending Office is located (all such non-excluded taxes, levies, costs and charges being collectively called "Reimbursable Taxes" in this section). Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

(b) All payments on account of the principal of, and interest on, each Lender Party's Loans and Note, and all other amounts payable by Borrower to any Lender Party hereunder, shall be made in full without set-off or counterclaim and shall be made free and clear of and without deductions or withholdings of any nature by reason of any Reimbursable Taxes, all of which will be for the account of Borrower. In the event of Borrower being compelled by Law to make any such deduction or withholding from any payment to any Lender Party, Borrower shall pay on the due date of such payment, by way of additional interest, such additional amounts as are needed to cause the amount receivable by such Lender Party after such deduction or withholding to equal the amount which would have been receivable in the absence of such deduction or withholding. If Borrower should make any deduction or withholding as aforesaid, Borrower shall within 60 days thereafter forward to such Lender Party an official receipt or other official document evidencing payment of such deduction or withholding.

(c) If Borrower is ever required to pay any Reimbursable Tax with respect to any LIBOR Loan, Borrower may elect, by giving to Administrative Agent and such Lender Party not less than three Business Days' notice, to Convert all (but not less than all) of any such LIBOR Loan into a Base Rate Loan, but such election shall not diminish Borrower's obligation to pay all Reimbursable Taxes.

(d) Notwithstanding the foregoing provisions of this section, Borrower shall be entitled, to the extent it is required to do so by Law, to deduct or withhold (and not to make any indemnification or reimbursement for) income or other similar taxes imposed by the United States of America (other than any portion thereof attributable to a change in federal income tax Laws effected after the date hereof) from interest, fees or other amounts payable hereunder for the account of any Lender Party, other than a Lender Party (i) who is a U.S. person for Federal income tax purposes or (ii) who has the Prescribed Forms on file with Administrative Agent (with copies provided to Borrower) for the applicable year to the extent deduction or withholding of such taxes is not required as a result of the filing of such Prescribed Forms, provided that if Borrower shall so deduct or withhold any such taxes, it shall provide a statement to Administrative Agent and such Lender Party, setting forth the amount of such taxes so deducted or withheld, the applicable rate and any other information or documentation which such Lender Party may reasonably request for assisting such Lender Party to obtain any allowable credits or deductions for the taxes so deducted or withheld in the jurisdiction or jurisdictions in which such Lender Party is subject to tax. As used in this section, "Prescribed Forms" means such duly executed forms or statements, and in such number of copies, which may, from time to time, be prescribed by Law and which, pursuant to applicable provisions of (x) an income tax treaty between the United States and the country of residence of the Lender Party providing the forms or statements, (y) the Code, or (z) any applicable rules or regulations thereunder, permit Borrower to make payments hereunder for the account of such Lender Party free of such deduction or withholding of income or similar taxes.

Section 3.8. Replacement of Lenders. If any Lender Party seeks reimbursement for increased costs under Sections 3.2 through 3.7, then within ninety days thereafter -- provided no Event of Default then exists -- Borrower shall have the right (unless such Lender Party withdraws its request for additional compensation) to replace such Lender Party by requiring such Lender Party to assign its Loans and Notes and its commitments hereunder to an Eligible Transferee reasonably acceptable to Administrative Agent and to Borrower, provided that: (i) all Obligations of Borrower owing to such Lender Party being replaced (including such increased costs, but excluding principal and accrued interest on the Notes being assigned) shall be paid in full to such Lender Party concurrently with such assignment, and (ii) the replacement Eligible Transferee shall purchase the Note being assigned by paying to such Lender Party a price equal to the principal amount thereof plus accrued and unpaid interest and accrued and unpaid commitment fees thereon. In connection with any such assignment Borrower, Administrative Agent, such Lender Party and the replacement Eligible Transferee shall otherwise comply with Section 10.5. Notwithstanding the foregoing rights of Borrower under this section, however, Borrower may not replace any Lender Party which seeks reimbursement for increased costs under Section 3.2 through 3.7 unless Borrower is at the same time replacing all Lender Parties which are then seeking such compensation.

Section 3.9. Application of Proceeds After Acceleration. If any Event of Default shall have occurred and be continuing, and if the Obligations have become due and payable, all cash collateral held by Administrative Agent under this Agreement and the proceeds of any sale, disposition, or other realization by Administrative Agent upon the Collateral (or any portion thereof) pursuant to the Security Documents, shall be distributed in whole or in part by Administrative Agent in the following order of priority, unless otherwise directed by all of the Lenders:

First, to the Administrative Agent, in an amount equal to all reimbursements to Administrative Agent due and payable as of the date of such distribution;

Second, to the Lenders, ratably, in an amount equal to all accrued and unpaid interest and fees owing to the Lenders under this Agreement due and payable as of the date of such distribution; provided, however, that in case such proceeds shall be insufficient to pay in full all such Obligations, then to the payment thereof to the Lenders, ratably, in proportion to its percentage of the sum of the aggregate amounts of all such Obligations;

Third, to the Lenders, ratably, in an amount equal to all Loans plus LC Obligations; provided, however, that in the case such proceeds shall be insufficient to pay in full all such Obligations, then to the payment thereof to the Lenders, ratably, in proportion to its percentage of the sum of the aggregate amounts of all such Obligations;

Fourth, to the Lenders, ratably, in an amount equal to all amounts owing to the Lenders under all Obligations with respect to Hedging Contracts between any Restricted Person and any Lender or an Affiliate; provided, however, that in case such proceeds shall be insufficient to pay in full all such Obligations, then to the payment thereof to the Lenders, ratably, in proportion to its percentage of the sum of the aggregate amounts of all such Obligations;

Fifth, to the Lenders in an amount equal to all other Obligations; provided, however, that in the case such proceeds shall be insufficient to pay in full such Obligations, then to the payment thereof to the Lenders, ratably, in proportion to its percentage of the sum of the aggregate amounts of all such Obligations; and

Sixth, to the extent of any surplus, to the Restricted Persons as their respective interests may appear, except as may be provided otherwise by law;

it being understood that the Restricted Persons shall remain liable to the extent of any deficiency between the amount of proceeds of the Collateral and the aggregate sums referred to in clauses First through Fifth above.

ARTICLE IV - Conditions Precedent to Lending

Section 4.1. Documents to be Delivered. No Lender has any obligation to make its first Loan (including but not limited to the Scurlock Permian Advance), and LC Issuer has no obligation to issue the first Letter of Credit unless Administrative Agent shall have received all of

the following, at Administrative Agent's office in Boston, Massachusetts, duly executed and delivered and in form, substance and date satisfactory to Administrative Agent:

(a) This Agreement and any other documents that Lenders are to execute in connection herewith.

(b) Each Note.

(c) Each Security Document listed in the Security Schedule.

(d) Certain certificates including:

(i) An "Omnibus Certificate" of the secretary and of the executive vice president of General Partner, which shall contain the names and signatures of the officers of General Partner authorized to execute Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: (1) a copy of resolutions duly adopted by the Board of Directors of General Partner and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, (2) a copy of the certificate of limited partnership of Borrower and all amendments thereto, certified by the appropriate official of Borrower's state of organization, and (3) a copy of the agreement of limited partnership of Borrower; and

(ii) A certificate of the president and of the chief financial officer of General Partner, regarding satisfaction of Section 4.2 and, without duplication, Section 4.4.

(e) A certificate (or certificates) of the due formation, valid existence and good standing of each Restricted Person in its respective state of organization, issued by the appropriate authorities of such jurisdiction, and certificates of each Restricted Person's good standing and due qualification to do business, issued by appropriate officials in any states in which such Restricted Person owns property subject to Security Documents.

(f) Documents similar to those specified in subsections (d)(i) of this section with respect to each other Restricted Person and the execution by it of each Loan Document to which it is a party.

(g) A favorable opinion of Michael Patterson, Esq., General Counsel for Restricted Persons, substantially in the form set forth in Exhibit E-1, Fulbright & Jaworski L.L.P., special counsel to Restricted Persons, substantially in the form set forth in Exhibit E-2, and local counsel for Administrative Agent for the states of Louisiana, Mississippi, and Illinois satisfactory to Administrative Agent.

(h) The Initial Financial Statements (including for purposes of this Section 4.1 the additional financial statements described in part (b) of the definition of Initial Financial Statements other than the financial statements in respect of the Chevron Acquisition dated as of March 31, 1999) and such other documents as Administrative Agent may require in its sole and absolute discretion with respect to (i) assumptions made in the Initial Financial Statements and (ii) deviations contained in the Initial Financial Statements as compared to audited financial statements for the last three Fiscal Years of Scurlock Permian.

(i) Copies of such permits and approvals regarding the property and business of Restricted Persons as Administrative Agent may request.

(j) Certificates or binders evidencing Restricted Persons' insurance in effect on the date hereof and a certificate signed by the chief executive officer or president of General Partner in form and detail acceptable to Administrative Agent confirming that such insurance is customary for the businesses conducted by Restricted Persons and is in compliance with the requirements of this Agreement.

(k) Payment of all commitment, facility, agency and other fees required to be paid to any Lender pursuant to any Loan Documents or any commitment agreement heretofore entered into.

Section 4.2. Additional Conditions to Initial Credit. No Lender has any obligation to make its first Loan (including but not limited to the Scurlock Permian Advance), and LC Issuer has no obligation to issue the first Letter of Credit unless, prior to or contemporaneously with the initial Loan or initial Letter of Credit issuance hereunder, the following conditions precedent have been satisfied:

(a) Borrower shall have received an aggregate capital contribution of cash from Marketing equal to or greater than $50,000,000.

(b) Administrative Agent shall have received copies of all environmental evaluations, reports or reviews related to the properties of the Restricted Persons conducted in connection with the Scurlock Permian Acquisition, together with a favorable report of Pilko & Associates, Inc. regarding their evaluation of the scope and conclusions of such evaluations, reports or reviews.

(c) The Scurlock Permian Acquisition and all of the transactions contemplated under the Scurlock Permian Acquisition Documents shall have been consummated, in compliance with the terms and conditions thereof and all representations and warranties made by any party to the Scurlock Permian Acquisition Documents shall be true and correct.

(d) After giving effect to each of the transactions under the Scurlock Permian Acquisition Documents, all representations and warranties made by any Restricted Person in any Loan Document shall be true on and as of the date of the Scurlock Permian Advance as if such representations and warranties had been made as of the date thereof.

Section 4.3. Conditions Precedent with respect to the Chevron Advance. No Lender has any obligation to make the Chevron Advance unless, prior to or contemporaneously with the Chevron Advance, the following conditions precedent have been satisfied:

(a) Administrative Agent shall have received, duly executed and delivered and in form, substance and date satisfactory to Administrative Agent:

(i) Certain certificates including (A) an "Omnibus Certificate" of the secretary and of the executive vice president of General Partner, which shall contain the names and signatures of the officers of General Partner authorized to execute Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: (1) a copy of resolutions duly adopted by the Board of Directors of General Partner and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, (2) a copy of the certificate of limited partnership of Borrower and all amendments thereto, certified by the appropriate official of Borrower's state of organization (or confirmation that no amendments thereto have been made since the date of the Scurlock Permian advance), and (3) a copy of the agreement of limited partnership of Borrower (or confirmation that no amendments thereto have been made since the date of the Scurlock Permian advance); and (B) a certificate of the president and of the chief financial officer of General Partner, regarding satisfaction of Section 4.2 and, without duplication, Section 4.4.

(ii) Documents similar to those specified in subsections (a)(i) of this section with respect to each other Restricted Person and the execution by it of each Loan Document to which it is a party.

(iii) A favorable opinion of Michael Patterson, Esq., General Counsel for Restricted Persons, Fulbright & Jaworski L.L.P., special counsel to Restricted Persons, and local counsel satisfactory to Administrative Agent.

(iv) copies of such permits and approvals regarding the property and business of Restricted Persons as Administrative Agent may request.

(v) certificates or binders evidencing Restricted Persons' insurance in effect on the date thereof and a certificate signed by the chief executive officer or president of General Partner in form and detail acceptable to Administrative Agent confirming that such insurance is customary for the businesses conducted by Restricted Persons and is in compliance with the requirements of this Agreement.

(vi) copies of all environmental evaluations, reports or reviews related to the properties of the Restricted Persons conducted in connection with the Chevron Acquisition, together with a favorable report of Pilko & Associates, Inc.

regarding their evaluation of the scope and conclusions of such evaluations, reports or reviews.

(vii) all documents of the type described in Section 6.14 and 6.15 encumbering the assets conveyed pursuant to the Chevron Acquisition Documents in form and substance satisfactory to Administrative Agent.

(viii) a certificate of the president and of the chief financial officer of General Partner, regarding satisfaction of this Section 4.3.

(ix) all other documents relating to the Chevron Acquisition as Administrative Agent may require in its sole and absolute discretion.

(b) The Chevron Acquisition and all of the transactions contemplated under the Chevron Acquisition Documents shall have been consummated, in compliance with the terms and conditions thereof pursuant to which Borrower shall own all assets to be acquired pursuant thereto, and all representations and warranties made by any party to the Chevron Acquisition Documents shall be true and correct.

(c) After giving effect to each of the transactions under the Chevron Acquisition Documents, all representations and warranties made by any Restricted Person in any Loan Document shall be true on and as of the date of the Chevron Advance as if such representations and warranties had been made as of the date thereof.

(d) Lenders shall have received and approved (i) the unaudited financial statements with respect to the assets and operations to be acquired by Borrower pursuant to the Chevron Acquisition in form and substance and as of a recent date satisfactory to Majority Lenders ("Updated Chevron Financial Statements") to the extent not delivered on or prior to the date of the Chevron Advance.

(e) No Material Adverse Change shall have occurred from the financial condition and results of operation reflected in the Chevron Pro Forma Financial Statements to either (i) the financial condition and results of operation reflected in the Updated Chevron Financial Statements or (ii) the financial condition and results of operation as of the date of the Chevron Advance with respect to assets and operations to be acquired pursuant to the Chevron Acquisition.

(f) No Material Adverse Change shall have occurred to Borrower's Consolidated financial condition or result of operations as of the date of the Chevron Advance from the pro forma Consolidated financial statements of Borrower (including the Scurlock Acquisition and the Chevron Acquisition) as of December 31, 1998.

(g) Each condition precedent set forth in Section 4.4 has been satisfied as of the date thereof and after giving effect thereto.

Section 4.4. Additional Conditions Precedent. No Lender has any obligation to make any Loan (including its first), and LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any Loan Document shall be true on and as of the date of such Loan or the date of issuance of such Letter of Credit as if such representations and warranties had been made as of the date of such Loan or the date of issuance of such Letter of Credit except to the extent that such representation or warranty was made as of a specific date or updated, modified or supplemented as of a subsequent date with the consent of Majority Lenders.

(b) No Default shall exist at the date of such Loan or the date of issuance of such Letter of Credit.

(c) No Material Adverse Change shall have occurred to, and no event or circumstance shall have occurred that could cause a Material Adverse Change to, Borrower's Consolidated financial condition or businesses since the date of the Initial Financial Statements.

(d) Each Restricted Person shall have performed and complied with all agreements and conditions required in the Loan Documents to be performed or complied with by it on or prior to the date of such Loan or the date of issuance of such Letter of Credit.

(e) The making of such Loan or the issuance of such Letter of Credit shall not be prohibited by any Law and shall not subject any Lender or any LC Issuer to any penalty or other onerous condition under or pursuant to any such Law.

(f) Administrative Agent shall have received all documents and instruments which Administrative Agent has then requested, in addition to those described in Section 4.1 (including opinions of legal counsel for Restricted Persons and Administrative Agent; corporate documents and records; documents evidencing governmental authorizations, consents, approvals, licenses and exemptions; and certificates of public officials and of officers and representatives of Borrower and other Persons), as to (i) the accuracy and validity of or compliance with all representations, warranties and covenants made by any Restricted Person in this Agreement and the other Loan Documents, (ii) the satisfaction of all conditions contained herein or therein, and (iii) all other matters pertaining hereto and thereto. All such additional documents and instruments shall be satisfactory to Administrative Agent in form, substance and date.

ARTICLE V - Representations and Warranties

To confirm each Lender's understanding concerning Restricted Persons and Restricted Persons' businesses, properties and obligations and to induce each Lender to enter into this

Agreement and to extend credit hereunder, Borrower represents and warrants to each Lender that:

Section 5.1. No Default. No Restricted Person is in default in the performance of any of the covenants and agreements contained in any Loan Document. No event has occurred and is continuing which constitutes a Default.

Section 5.2. Organization and Good Standing. Each Restricted Person is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Restricted Person is duly qualified, in good standing, and authorized to do business in all other jurisdictions within the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary except where the failure to so qualify would not cause a Material Adverse Change. Each Restricted Person has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures necessary except where the failure to so qualify would not cause a Material Adverse Change.

Section 5.3. Authorization. Each Restricted Person has duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. Borrower is duly authorized to borrow funds hereunder.

Section 5.4. No Conflicts or Consents. The execution and delivery by the various Restricted Persons of the Loan Documents and Acquisition Documents to which each is a party, the performance by each of its obligations under such Loan Documents and Acquisition Documents, and the consummation of the transactions contemplated by the various Loan Documents and various Acquisition Documents, do not and will not (i) conflict with any provision of (1) any Law, (2) the organizational documents of any Restricted Person or any of its Affiliates, or (3) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person or any of its Affiliates, (ii) result in the acceleration of any Indebtedness owed by any Restricted Person or any of its Affiliates, or (iii) result in or require the creation of any Lien upon any assets or properties of any Restricted Person or any of its Affiliates except as expressly contemplated in the Loan Documents. Except as expressly contemplated in the Loan Documents or the Acquisition Documents, no consent, approval, authorization or order of, and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Loan Document or Acquisition Document or to consummate any transactions contemplated by the Loan Documents and the Acquisition Documents.

Section 5.5. Enforceable Obligations. This Agreement is, and the other Loan Documents and the Acquisition Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in

accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

Section 5.6. Initial Financial Statements. Borrower has heretofore delivered to each Lender true, correct and complete copies of the Initial Financial Statements. The Initial Financial Statements other than pro forma financial statements fairly present Borrower's Consolidated financial position at the date thereof and the Consolidated results of Borrower's operations and Consolidated cash flows for the period thereof. The pro forma Initial Financial Statements fairly present Borrower's pro forma Consolidated financial position at the date thereof and the pro forma Consolidated results of Borrower's operations and Consolidated cash flows for the period thereof. Since the date of the annual Initial Financial Statements no Material Adverse Change has occurred, except as reflected in the Disclosure Schedule. All Initial Financial Statements other than pro forma financial statements were prepared in accordance with GAAP. All Initial Financial Statements that are pro forma financial statements were prepared in accordance with GAAP with such adjustments as would be appropriate for reporting pro forma financial statements under GAAP and regulations of the Securities and Exchange Commission and as have been accepted by Administrative Agent.

Section 5.7. Other Obligations and Restrictions. No Restricted Person has any outstanding Liabilities of any kind (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which are, in the aggregate, material to Borrower or material with respect to Borrower's Consolidated financial condition and not shown in the Initial Financial Statements or disclosed in the Disclosure Schedule. Except as shown in the Initial Financial Statements or disclosed in the Disclosure Schedule, no Restricted Person is subject to or restricted by any franchise, contract, deed, charter restriction, or other instrument or restriction which could cause a Material Adverse Change.

Section 5.8. Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by any Restricted Person to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading as of the date made or deemed made. All written information furnished after the date hereof by or on behalf of any Restricted Person to Administrative Agent or any Lender Party in connection with this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby will be true, complete and accurate in every material respect or based on reasonable estimates on the date as of which such information is stated or certified. There is no fact known to any Restricted Person that has not been disclosed to each Lender in writing which could cause a Material Adverse Change.

Section 5.9. Litigation. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule: (i) there are no actions, suits or legal, equitable, arbitrative or administrative proceedings pending, or to the knowledge of any Restricted Person threatened, against any Restricted Person before any Tribunal which could cause a Material Adverse Change, and (ii) there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal

against any Restricted Person or any Restricted Person's stockholders, partners, directors or officers which could cause a Material Adverse Change.

Section 5.10. Labor Disputes and Acts of God. Except as disclosed in the Disclosure Schedule, neither the business nor the properties of any Restricted Person has been affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could cause a Material Adverse Change.

Section 5.11. ERISA Plans and Liabilities. All currently existing ERISA Plans are listed in the Disclosure Schedule. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule, no Termination Event has occurred with respect to any ERISA Plan and all ERISA Affiliates are in compliance with ERISA in all material respects. No ERISA Affiliate is required to contribute to, or has any other absolute or contingent liability in respect of, any "multiemployer plan" as defined in Section 4001 of ERISA. Except as set forth in the Disclosure Schedule: (i) no "accumulated funding deficiency" (as defined in Section 412(a) of the Code) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, and (ii) the current value of each ERISA Plan's benefits does not exceed the current value of such ERISA Plan's assets available for the payment of such benefits by more than $500,000.

Section 5.12. Compliance with Laws. Except as set forth in the Disclosure Schedule, each Restricted Person is conducting its businesses in compliance with all applicable Laws, including Environmental Laws, and has all permits, licenses and authorizations required in connection with the conduct of its businesses, except to the extent failure to have any such permit, license or authorization could not cause a Material Adverse Change. Each Restricted Person is in compliance with the terms and conditions of all such permits, licenses and authorizations, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any Law, including applicable Environmental Law, or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply could not cause a Material Adverse Change. Without limiting the foregoing, each Restricted Person (i) has filed and maintained all tariffs applicable to its business with each applicable commission, (ii) and all such tariffs are in compliance with all Laws administered or promulgated by each applicable commission and (iii) has imposed charges on its customers in compliance with such tariffs, all contracts applicable to its business and all applicable Laws. As used herein, "commission" includes the Federal Energy Regulatory Commission, the Public Utility Commission of the State of California and each other federal, state or local governmental department, commission, board, bureau, agency or instrumentality having jurisdiction over any Restricted Person or its properties.

Section 5.13. Environmental Laws. As used in this section: "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, "CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System List of the Environmental Protection Agency, and "Release" has the meaning

given such term in 42 U.S.C. (S) 9601(22). Without limiting the provisions of Section 5.12, and except as set forth in the Disclosure Schedule:

(a) No notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed, and no investigation or review is pending or threatened by any Tribunal or any other Person with respect to any of the following which in the aggregate could cause a Material Adverse Change: (i) any alleged generation, treatment, storage, recycling, transportation, disposal, or Release of any Hazardous Materials, either by any Restricted Person or on any property owned by any Restricted Person, (ii) any remedial action which might be needed to respond to any such alleged generation, treatment, storage, recycling, transportation, disposal, or Release, or (iii) any alleged failure by any Restricted Person to have any permit, license or authorization required in connection with the conduct of its business or with respect to any such generation, treatment, storage, recycling, transportation, disposal, or Release.

(b) No Restricted Person otherwise has any known material contingent liability in connection with any alleged generation, treatment, storage, recycling, transportation, disposal, or Release of any Hazardous Materials.

(c) No Restricted Person has handled any Hazardous Materials, other than as a generator, on any properties now or previously owned or leased by any Restricted Person to an extent that such handling has caused, or could cause, a Material Adverse Change.

(d) Except to the extent that the following in the aggregate has not caused and could not cause a Material Adverse Change:

(i) no PCBs are or have been present at any properties now or previously owned or leased by any Restricted Person;

(ii) no asbestos is or has been present at any properties now or previously owned or leased by any Restricted Person;

(iii) there are no underground storage tanks for Hazardous Materials, active or abandoned, at any properties now or previously owned or leased by any Restricted Person; and

(iv) no Hazardous Materials have been Released at, on or under any properties now or previously owned or leased by any Restricted Person.

(e) No Restricted Person has transported or arranged for the transportation of any Hazardous Material to any location which is listed on the National Priorities List under CERCLA, any location listed for possible inclusion on the National Priorities List by the Environmental Protection Agency in CERCLIS, nor, except to the extent that has not caused and could not cause a Material Adverse Change, any location listed on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to

claims against any Restricted Person for clean-up costs, remedial work, damages to natural resources or for personal injury claims, including, but not limited to, claims under CERCLA.

(f) No property now or previously owned or leased by any Restricted Person is listed or proposed for listing on the National Priority list promulgated pursuant to CERCLA, in CERCLIS, nor, except to the extent that has not caused and could not cause a Material Adverse Change, on any similar state list of sites requiring investigation or clean-up.

(g) There are no Liens arising under or pursuant to any Environmental Laws on any of the real properties or properties owned or leased by any Restricted Person, and no government actions of which Borrower is aware have been taken or are in process which could subject any of such properties to such Liens; nor would any Restricted Person be required to place any notice or restriction relating to the presence of Hazardous Materials at any properties owned by it in any deed to such properties.

(h) There have been no environmental investigations, studies, audits, tests, reviews or other analyses for ground water or soil contamination relating to the Release of Hazardous Materials conducted by or which are in the possession of any Restricted Person in relation to any properties or facility now or previously owned or leased by any Restricted Person which have not been made available to Administrative Agent.

Section 5.14. Names and Places of Business. No Restricted Person has, during the preceding five years, had, been known by, or used any other trade or fictitious name, except as disclosed in the Disclosure Schedule. Except as otherwise indicated in the Disclosure Schedule, the chief executive office and principal place of business of each Restricted Person are (and for the preceding five years have been) located at the address of Borrower set out on the signature page hereto. Except as indicated in the Disclosure Schedule, no Restricted Person has any other office or place of business.

Section 5.15. Borrower's Subsidiaries. Borrower does not presently have any Subsidiary or own any stock in any other corporation or association except those listed in the Disclosure Schedule. Neither Borrower nor any Restricted Person is a member of any general or limited partnership, limited liability company, joint venture or association of any type whatsoever except those listed in the Disclosure Schedule. Borrower owns, directly or indirectly, the equity interest in each of its Subsidiaries which is indicated in the Disclosure Schedule.

Section 5.16. Title to Properties; Licenses. Each Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Restricted Person's business. Each Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property without violation of the rights of any other Person) which are necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter, and no Restricted Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property.

Section 5.17. Government Regulation. No Restricted Person is subject to regulation under the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law which regulates the incurring by such Person of Indebtedness, including Laws relating to common contract carriers or the sale of electricity, gas, steam, water or other public utility services. No Restricted Person is subject to regulation under the Federal Power Act which would violate, result in a default of, or prohibit the effectiveness or the performance of any of the provisions of the Loan Documents.

Section 5.18. Insider. No Restricted Person, nor any Person having "control" (as that term is defined in 12 U.S.C. (S) 375b(9) or in regulations promulgated pursuant thereto) of any Restricted Person, is a "director" or an "executive officer" or "principal shareholder" (as those terms are defined in 12 U.S.C. (S) 375b(8) or (9) or in regulations promulgated pursuant thereto) of any Lender, of a bank holding company of which any Lender is a Subsidiary or of any Subsidiary of a bank holding company of which any Lender is a Subsidiary.

Section 5.19. Solvency. Upon giving effect to the issuance of the Notes, the execution of the Loan Documents by each Restricted Person, and the consummation of the transactions contemplated hereby (i) each Restricted Person will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws), and the sum of each Restricted Person's absolute and contingent liabilities, including the Obligations or guarantees thereof, shall not exceed the fair market value of such Restricted Person's assets, and (ii) each Restricted Person's capital shall be adequate for the businesses in which such Restricted Person is engaged and intends to be engaged. No Restricted Person has incurred (whether under the Loan Documents or otherwise), nor does any Restricted Person intend to incur or believe that it will incur, debts which will be beyond its ability to pay as such debts mature.

Section 5.20. Credit Arrangements. The Disclosure Schedule contains a complete and correct list, as of the date of this Agreement, of each credit agreement, loan agreement, indenture, purchase agreement, guaranty or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guaranty by, any Restricted Person, or to which any Restricted Person is subject, other than the Loan Documents, and the aggregate principal or face amount outstanding or which may become outstanding under each such arrangement is correctly described in the Disclosure Schedule. No Restricted Person is subject to any restriction under any credit agreement, loan agreement, indenture, purchase agreement, guaranty or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guaranty by, any Affiliate, other than another Restricted Person.

Section 5.21. Year 2000.

(a) Restricted Persons have (i) analyzed the operations of Restricted Persons and their Subsidiaries and Affiliates that could be adversely affected by failure to become "Year 2000 compliant" (that is, that computer applications, imbedded microchips and other systems will be able to perform date-sensitive functions prior to and after September 9, 1999 and December 31, 1999) and (ii) developed a plan for becoming Year 2000 compliant in a timely manner (the "Y2K Plan"), the implementation of which is on schedule in all material respects. Each Restricted

Person reasonably believes that Restricted Persons and their Affiliates will become Year 2000 compliant for their operations on a timely basis except to the extent that a failure to do so could not reasonably be expected to cause a Material Adverse Change.

(b) Each Restricted Person reasonably believes any suppliers and vendors that are material to the operations of Restricted Persons or their Subsidiaries and Affiliates will be Year 2000 compliant for their own computer applications except to the extent that a failure to do so could not reasonably be expected to cause a Material Adverse Change.

ARTICLE VI - Affirmative Covenants

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to Borrower, and to induce each Lender to enter into this Agreement and extend credit hereunder, Borrower covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Majority Lenders, or all Lenders as required under Section 10.1, have previously agreed otherwise:

Section 6.1. Payment and Performance. Each Restricted Person will pay all amounts due under the Loan Documents, to which it is a party, in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed in the Loan Documents to which it is a party.

Section 6.2. Books, Financial Statements and Reports. Each Restricted Person will at all times maintain full and accurate books of account and records. Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish the following statements and reports to each Lender at Restricted Person's expense:

(a) As soon as available, and in any event within one hundred twenty (120) days after the end of each Fiscal Year (i) complete Consolidated financial statements of Borrower together with all notes thereto, prepared in reasonable detail in accordance with GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by PricewaterhouseCoopers LLP, or other independent certified public accountants selected by General Partner and acceptable to Majority Lenders, stating that such Consolidated financial statements have been so prepared and (ii) supporting unaudited consolidating balance sheets and statements of income of each other Restricted Person; provided, however, that such financial statements for the Fiscal Year ending December 31, 1999 need not be furnished to Lenders until June 30, 2000. These financial statements shall contain a Consolidated and consolidating balance sheet as of the end of such Fiscal Year and Consolidated and consolidating statements of earnings for such Fiscal Year. Such Consolidated financial statements shall set forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, at the time of delivery of such financial statements Borrower will furnish a certificate signed by such accountants (i) stating that they have read this Agreement, (ii) containing calculations showing compliance (or non-compliance) at the end of such Fiscal Year with the

requirements of Sections 7.11 through 7.13, inclusive, and (iii) further stating that in making their examination and reporting on the Consolidated financial statements described above they obtained no knowledge of any Default existing at the end of such Fiscal Year, or, if they did so conclude that a Default existed, specifying its nature and period of existence.

(b) As soon as available, and in any event within fifty (50) days after the end of each of the first three Fiscal Quarters of each Fiscal Year, (i) Borrower's Consolidated balance sheet as of the end of such Fiscal Quarter and Consolidated statements of Borrower's earnings and cash flows for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, and (ii) supporting consolidating balance sheets and statements of income of each other Restricted Person, all in reasonable detail and prepared in accordance with GAAP, subject to changes resulting from normal year-end adjustments; and as soon as available, and in any event within fifty (50) days after the end of the last Fiscal Quarter of each Fiscal Year, Borrower's unaudited Consolidated balance sheet as of the end of such Fiscal Quarter and income statement for such Fiscal Quarter and for the period from the beginning of the current Fiscal Year to the end of such Fiscal Quarter. In addition Borrower will, together with each such set of financial statements and each set of financial statements furnished under subsection (a) of this section, furnish a certificate in the form of Exhibit D signed by the chief financial officer of General Partner stating that such financial statements are accurate and complete in all material respects (subject to normal year-end adjustments), stating that he has reviewed the Loan Documents, containing calculations showing compliance (or non-compliance) at the end of such Fiscal Quarter with the requirements of Sections 7.11 through 7.13, inclusive and stating that no Default exists at the end of such Fiscal Quarter or at the time of such certificate or specifying the nature and period of existence of any such Default.

(c) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by Plains MLP to its unit holders and all registration statements, periodic reports and other statements and schedules filed by Plains MLP with any securities exchange, the Securities and Exchange Commission or any similar governmental authority.

(d) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, a five-year business and financial plan for Borrower (in form reasonably satisfactory to Administrative Agent), prepared or caused to be prepared by a senior financial officer thereof, setting forth for the first year thereof, quarterly financial projections and budgets for Borrower, and thereafter yearly financial projections and budgets for the next four Fiscal Years.

(e) As soon as available, and in any event within forty-five (45) days after the end of each month, throughput volume reports setting forth in detail pipeline volumes of crude oil delivered by Restricted Persons for such month in connection with, and transportation fees charged and margins realized by the Restricted Persons for such month delivered through all pipeline facilities of Borrower and its Subsidiaries.

(f) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, a report setting forth volumes and margins for all marketing activities of Restricted Persons.

(g) As soon as available, and in any event within thirty (30) days after the end of each Fiscal Year, an environmental compliance certificate signed by the president or chief executive officer of General Partner in the form attached hereto as Exhibit F. Further, if requested by Administrative Agent, Restricted Persons shall permit and cooperate with an environmental and safety review made in connection with the operations of Restricted Persons' properties one time during each Fiscal Year beginning with the Fiscal Year 2000, by Pilko & Associates, Inc. or other consultants selected by Administrative Agent which review shall, if requested by Administrative Agent, be arranged and supervised by environmental legal counsel for Administrative Agent, all at Restricted Persons' cost and expense. The consultant shall render a verbal or written report, as specified by Administrative Agent, based upon such review at Restricted Persons' cost and expense and a copy thereof will be provided to Restricted Persons.

(h) Concurrently with the annual renewal of Restricted Persons' insurance policies, Restricted Persons shall at their own cost and expense, if requested by Administrative Agent in writing, cause a certificate or report to be issued by Administrative Agent's professional insurance consultants or other insurance consultants satisfactory to Administrative Agent certifying that Restricted Persons' insurance for the next succeeding year after such renewal (or for such longer period for which such insurance is in effect) complies with the provisions of this Agreement and the Security Documents.

Section 6.3, Other Information and Inspections. In each case subject to the last sentence of this Section 6.3, each Restricted Person will furnish to each Lender any information which Administrative Agent or any Lender may from time to time request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with Restricted Persons' businesses and operations. In each case subject to the last sentence of this Section 6.3, each Restricted Person will permit representatives appointed by Administrative Agent (including independent accountants, auditors, agents, attorneys, appraisers and any other Persons) to visit and inspect during normal business hours any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Restricted Person shall permit Administrative Agent or its representatives to investigate and verify the accuracy of the information furnished to Administrative Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and, upon prior notice to Borrower, its representatives. Without limitation of the foregoing, if requested by Administrative Agent within ninety (90) days after the end of each Fiscal Year, Borrower shall permit commercial financial examiners who are employees of Administrative Agent to conduct a commercial finance examination of the business and assets of Restricted Persons and in connection with such examination to have full access to and the right to examine, audit, make abstracts and copies from, and inspect Restricted Persons' records, files, books of account and all other documents,

instruments and agreements to which a Restricted Person is a party. Borrower shall pay all reasonable costs and expenses of Administrative Agent associated with any such examination. Each of the foregoing inspections shall be made subject to compliance with applicable safety standards and the same conditions applicable to any Restricted Person in respect of property of that Restricted Person on the premises of Persons other than a Restricted Person or an Affiliate of a Restricted Person, and all information, books and records furnished or requested to be furnished, or of which copies, photocopies or photographs are made or requested to be made, all information to be investigated or verified and all discussions conducted with any officer, employee or representative of any Restricted Person shall be subject to any applicable attorney-client privilege exceptions which the Restricted Person determines is reasonably necessary and compliance with conditions to disclosures under non-disclosure agreements between any Restricted Person and Persons other than a Restricted Person or an Affiliate of a Restricted Person and the express undertaking of each Person acting at the direction of or on behalf of any Lender Party to be bound by the confidentiality provisions of Section 10.6 of this Agreement.

Section 6.4. Notice of Material Events and Change of Address. Each Restricted Person will notify each Lender Party, not later than five (5) Business Days after any executive officer of Restricted Persons has knowledge thereof, stating that such notice is being given pursuant to this Agreement, of:

(a) the occurrence of any Material Adverse Change,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by any Restricted Person or of any default by any Restricted Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such acceleration or default could cause a Material Adverse Change,

(d) the occurrence of any Termination Event,

(e) any claim of $1,000,000 or more, any notice of potential liability under any Environmental Laws which might be reasonably likely to exceed such amount, or any other material adverse claim asserted against any Restricted Person or with respect to any Restricted Person's properties taken as a whole, and

(f) the filing of any suit or proceeding against any Restricted Person in which an adverse decision could cause a Material Adverse Change.

Upon the occurrence of any of the foregoing Restricted Persons will take all necessary or appropriate steps to remedy promptly any such Material Adverse Change, Default, acceleration, default or Termination Event, to protect against any such adverse claim, to defend any such suit or proceeding, and to resolve all controversies on account of any of the foregoing. Restricted Persons will also notify Administrative Agent and Administrative Agent's counsel in writing at least twenty Business Days prior to the date that any Restricted Person changes its name or the

location of its chief executive office or principal place of business or the place where it keeps its books and records concerning the Collateral, furnishing with such notice any necessary financing statement amendments or requesting Administrative Agent and its counsel to prepare the same.

Borrower will promptly notify Administrative Agent in the event Borrower determines that any computer application which is material to the operations of Borrower, its Subsidiaries, its Affiliates or any of its material vendors or suppliers will not be fully Year 2000 compliant on a timely basis, except to the extent that such failure could not reasonably be expected to cause a Material Adverse Change.

Section 6.5. Maintenance of Properties. Each Restricted Person will maintain, preserve, protect, and keep all Collateral and all other property used or useful in the conduct of its business in good condition (ordinary wear and tear excepted) and in compliance with all applicable Laws, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times.

Section 6.6. Maintenance of Existence and Qualifications. Each Restricted Person will maintain and preserve its existence and its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to qualify will not cause a Material Adverse Change.

Section 6.7. Payment of Trade Liabilities, Taxes, etc. Each Restricted Person will (a) timely file all required tax returns (including any extensions); (b) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; (c) within one hundred twenty (120) days after the date such goods are delivered or such services are rendered, pay all Liabilities owed by it on ordinary trade terms to vendors, suppliers and other Persons providing goods and services used by it in the ordinary course of its business; (d) pay and discharge when due all other Liabilities now or hereafter owed by it; and (e) maintain appropriate accruals and reserves for all of the foregoing in accordance with GAAP. Each Restricted Person may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings, if necessary, and has set aside on its books adequate reserves therefor which are required by GAAP.

Section 6.8. Insurance. Each Restricted Person shall at all times maintain insurance for its property in accordance with the Insurance Schedule, which insurance shall be by financially sound and reputable insurers. Borrower will maintain any additional insurance coverage as described in the respective Security Documents. Upon demand by Administrative Agent any insurance policies covering Collateral shall be endorsed (a) to provide for payment of losses to Administrative Agent as its interests may appear, (b) to provide that such policies may not be canceled or reduced or affected in any material manner for any reason without fifteen days prior notice to Administrative Agent, and (c) to provide for any other matters specified in any applicable Security Document or which Administrative Agent may reasonably require. Each Restricted Person shall at all times maintain insurance against its liability for injury to persons or property in accordance with the Insurance Schedule, which insurance shall be by financially sound

and reputable insurers. Without limiting the foregoing, each Restricted Person shall at all time maintain liability insurance in accordance with the Insurance Schedule.

Section 6.9. Performance on Borrower's Behalf. If any Restricted Person fails to pay any taxes, insurance premiums, expenses, attorneys' fees or other amounts it is required to pay under any Loan Document, Administrative Agent may pay the same after notice of such payment by Administrative Agent is given to Borrower. Borrower shall immediately reimburse Administrative Agent for any such payments and each amount paid by Administrative Agent shall constitute an Obligation owed hereunder which is due and payable on the date such amount is paid by Administrative Agent.

Section 6.10. Interest. Borrower hereby promises to each Lender to pay interest at the Default Rate on all Obligations (including Obligations to pay fees or to reimburse or indemnify any Lender) which Borrower has in this Agreement promised to pay to such Lender and which are not paid when due. Such interest shall accrue from the date such Obligations become due until they are paid.

Section 6.11. Compliance with Agreements and Law. Each Restricted Person will perform all material obligations it is required to perform under the terms of each indenture, mortgage, deed of trust, security agreement, lease, and franchise, and each material agreement, contract or other instrument or obligation to which it is a party or by which it or any of its properties is bound. Each Restricted Person will conduct its business and affairs in compliance with all Laws applicable thereto.

Section 6.12. Environmental Matters; Environmental Reviews.

(a) Each Restricted Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Restricted Person as well as all contractual obligations and agreements with respect to environmental remediation or other environmental matters, and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect.

(b) Each Restricted Person will promptly furnish to Administrative Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by any Restricted Person or General Partner, or of which it has notice, pending or threatened against any Restricted Person, the potential liability of which exceeds $1,000,000 or would cause a Material Adverse Change if resolved adversely against any Restricted Person, by any governmental authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business.

(c) Each Restricted Person will promptly furnish to Administrative Agent all requests for information, notices of claim, demand letters, and other notifications, received by any Restricted Person or General Partner in connection with its ownership or use of its properties or the conduct of its business, relating to potential responsibility with respect to any investigation or

clean-up of Hazardous Material at any location, the potential liability of which exceeds $1,000,000 or would cause a Material Adverse Change if resolved adversely against any Restricted Person.

Section 6.13. Evidence of Compliance. Subject to the last sentence of Section 6.3, each Restricted Person will furnish to each Lender at such Restricted Person's expense all evidence which Administrative Agent from time to time reasonably requests in writing as to the accuracy and validity of or compliance with all representations, warranties and covenants made by any Restricted Person in the Loan Documents, the satisfaction of all conditions contained therein, and all other matters pertaining thereto.

Section 6.14. Agreement to Deliver Security Documents. Restricted Persons will deliver to further secure the Obligations whenever requested by Administrative Agent in its sole and absolute discretion, deeds of trust, mortgages, chattel mortgages, security agreements, financing statements and other Security Documents in form and substance satisfactory to Administrative Agent for the purpose of granting, confirming, and perfecting first and prior liens or security interests in any real or personal property now owned or hereafter acquired by any Restricted Person.

Section 6.15. Perfection and Protection of Security Interests and Liens. Each Restricted Person will from time to time deliver to Administrative Agent any financing statements, continuation statements, extension agreements and other documents, properly completed and executed (and acknowledged when required) by Restricted Persons in form and substance satisfactory to Administrative Agent, which Administrative Agent requests for the purpose of perfecting, confirming, or protecting any Liens or other rights in Collateral securing any Obligations.

Section 6.16. Bank Accounts; Offset. To secure the repayment of the Obligations, each Restricted Person hereby grants to each Lender a security interest, a lien, and a right of offset, each of which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise, and each of which shall be upon and against (a) any and all moneys, securities or other property (and the proceeds therefrom) of such Restricted Person now or hereafter held or received by or in transit to any Lender from or for the account of such Restricted Person, whether for safekeeping, custody, pledge, transmission, collection or otherwise, (b) any and all deposits (general or special, time or demand, provisional or final) of such Restricted Person with any Lender, and (c) any other credits and claims of such Restricted Person at any time existing against any Lender, including claims under certificates of deposit. At any time and from time to time during the continuance of any Event of Default, each Lender is hereby authorized to foreclose upon, or to offset against the Obligations then due and payable (in either case without notice to any Restricted Person), any and all items herein above referred to. The remedies of foreclosure and offset are separate and cumulative, and either may be exercised independently of the other without regard to procedures or restrictions applicable to the other.

Section 6.17. Guaranties of Subsidiaries. Each Subsidiary of Borrower now existing or created, acquired or coming into existence after the date hereof shall, promptly upon request by Administrative Agent, execute and deliver to Administrative Agent an absolute and unconditional

guaranty of the timely repayment of the Obligations and the due and punctual performance of the obligations of Borrower hereunder, which guaranty shall be satisfactory to Administrative Agent in form and substance. Each Subsidiary of Borrower existing on the date hereof shall duly execute and deliver such a guaranty prior to the making of any Loan hereunder. Borrower will cause each of its Subsidiaries to deliver to Administrative Agent, simultaneously with its delivery of such a guaranty, written evidence satisfactory to Administrative Agent and its counsel that such Subsidiary has taken all corporate, limited liability company, or partnership action necessary to duly approve and authorize its execution, delivery and performance of such guaranty and any other documents which it is required to execute.

Section 6.18. Interest Rate Hedging Agreements. Borrower shall at all times maintain interest rate Hedging Contracts which are: (a) for combined durations as of any day of not less than 12 months following such time, (b) in combined notional amounts not less than seventy-five percent (75%) of the outstanding principal balance of the Term Loans, (c) in compliance with Section 7.3, and (d) otherwise on terms acceptable to Administrative Agent in its sole discretion.

Section 6.19. Compliance with Agreements. Each Restricted Person shall observe, perform or comply with any agreement with any Person or any term or condition of any instrument, if such agreement or instrument is materially significant to such Restricted Person or to Restricted Persons on a Consolidated basis or materially significant to any Guarantor, and such failure is not remedied within the applicable period of grace (if any) provided in such agreement or instrument.

Section 6.20. Year 2000.

(a) Restricted Persons shall at all times implement the Y2K Plan in all material respects, in a timely manner, and in accordance with the schedule of the Y2K Plan. Contemporaneously with the delivery of each compliance certificate under Section 6.2 (a) or (b), Borrower shall certify that it reasonably believes that Restricted Persons and their Affiliates will become Year 2000 compliant (as defined in Section 5.21(a)) for their operations on a timely basis except to the extent that a failure to do so could not reasonably be expected to cause a Material Adverse Change.

(b) Contemporaneously with the delivery of each compliance certificate under Section 6.2 (a) or (b) Borrower shall certify that it reasonably believes any suppliers and vendors that are material to the operations of Borrower or its Subsidiaries and Affiliates will be Year 2000 compliant (as defined in Section 5.21(a)) for their own computer applications except to the extent that a failure to do so could not reasonably be expected to cause a Material Adverse Change.

Section 6.21. Rents. By the terms of the various Security Documents, certain Restricted Persons are and will be assigning to Administrative Agent, for the benefit of Lender Parties, all of the "Rents" (as defined therein) accruing to the property covered thereby. Notwithstanding any such assignments, so long as no Default has occurred and is continuing, (i) such Restricted Persons may continue to receive and collect from the payors of such Rents all such Rents, subject, however, to the Liens created under the Security Documents, which Liens are hereby affirmed and ratified, and free and clear of such Liens, use the proceeds of the Rents, and (ii) the

Administrative Agent will not notify the obligors of such Rents or take any other action to cause proceeds thereof to be remitted to the Administrative Agent. Upon the occurrence of a Default, Administrative Agent may exercise all rights and remedies granted under the Security Documents, including the right to obtain possession of all Rents then held by such Restricted Persons or to receive directly from the payors of such Rents all other Rents until such time as such Default is no longer continuing. If the Administrative Agent shall receive any Rent proceeds from any payor at any time other than during the continuance of a Default, then it shall notify Borrower thereof and (i) upon request and pursuant to the instructions of Borrower, it shall, if no Default is then continuing, remit such proceeds to the Borrower and (ii) at the request and expense of Borrower, execute and deliver a letter to such payors confirming Restricted Persons' right to receive and collect Rents until otherwise notified by Administrative Agent. In no case shall any failure, whether purposed or inadvertent, by Administrative Agent to collect directly any such Rents constitute in any way a waiver, remission or release of any of its rights under the Security Documents, nor shall any release of any Rents by Administrative Agent to such Restricted Persons constitute a waiver, remission, or release of any other Rents or of any rights of Administrative Agent to collect other Rents thereafter.

Section 6.22. Post-Closing Actions.

(a) Borrower will and will cause each other Restricted Person to: (i) deliver to Administrative Agent copies of each notice, document or other information or communication delivered between the parties under or in connection with the Acquisition Documents which relates to any matter which could materially and adversely affect the Collateral or the rights of any Lender Party under the Loan Documents, including without limitation, any notice or request relating to a corrective action regarding rights-of-way or other property interests or relating to any indemnities; and (ii) in the event of any post-closing action pursuant to the Acquisition Documents which may affect the completeness or accuracy of any Security Document or affect the Collateral (specifically including but not limited to any modification or supplement with respect to the Illinois pipeline system rights-of-way conveyed to any Restricted Person pursuant to the Scurlock Permian Acquisition Documents), concurrently with any such post-closing action, deliver to Administrative Agent any and all amendments to the Security Documents and other documents or instruments duly executed and in form and substance acceptable to Administrative Agent which Administrative Agent may require in connection with such post-closing action.

(b) In connection with any post-closing action pursuant to the Acquisition Documents referred to subsection (a) of this Section, upon receipt by Administrative Agent of evidence satisfactory to Administrative Agent that a Restricted Person is required pursuant to the Scurlock Permian Acquisition Documents or that it is otherwise desirable for a Restricted Person pursuant to the Scurlock Permian Acquisition Documents to reconvey to Marathon Ashland Petroleum LLC or any of its Affiliates any rights-of-way or other interests which were incorrectly conveyed to such Restricted Person, Administrative Agent shall execute and deliver to such Restricted Person such releases as may be reasonably required by such Restricted Person in order to permit such a reconveyance in compliance with the Scurlock Permian Acquisition Documents. Each Lender Party hereby consents to such releases of Collateral from time to time by Administrative Agent pursuant to this subsection.

(c) Borrower will and will cause each other Restricted Person to use its reasonable best efforts to prepare and deliver to Administrative Agent right-of-way alignment maps reflecting the main line segments of the pipelines constituting "Major Pipelines and Terminals" (as such term is defined in the Scurlock Permian Acquisition Documents) and identifying the specific easements or right-of-way documents covering each portion of such pipeline location (the "Alignment Maps"), such Alignment Maps to be prepared and delivered under a procedure and schedule acceptable to Administrative Agent in its reasonable discretion, provided that Borrower and each other Restricted Person will use its best efforts to cause all such Alignment Maps to be prepared and delivered to Administrative Agent on or before May 30, 2000.

ARTICLE VII - Negative Covenants

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to Borrower, and to induce each Lender to enter into this Agreement and make the Loans, Borrower covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Majority Lenders, or all Lenders as required under Section 10.1, have previously agreed otherwise:

Section 7.1. Indebtedness. No Restricted Person will in any manner owe or be liable for Indebtedness except:

(a) the Obligations;

(b) Indebtedness arising under Hedging Contracts permitted under Section 7.3;

(c) Indebtedness of any Restricted Person owing to another Restricted Person;

(d) Liabilities with respect to obligations to deliver crude oil or to render terminaling or storage services in consideration for advance payments to a Restricted Person provided such delivery or rendering, as applicable, is to be made within 60 days after such payment;

(e) guaranties by any Restricted Person of trade payables of any other Restricted Person incurred and paid in the ordinary course of business on ordinary trade terms; and

(f) other Indebtedness not to exceed in the aggregate in respect of all Restricted Persons the principal amount of $5,000,000 at any one time outstanding, of which amount not more than $3,000,000 may represent Liabilities for borrowed money or Liabilities constituting principal under Capital Leases.

Section 7.2. Limitation on Liens. No Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires, except the following (such Liens, to the extent permitted by this Section, herein called "Permitted Liens"):

(a) Liens created pursuant to this Agreement or the Security Documents and Liens existing on the date of this Agreement and listed in the Disclosure Schedule;

(b) Liens imposed by any governmental authority for taxes, assessments or charges not yet due or the validity of which is being contested in good faith and by appropriate proceedings, if necessary, for which adequate reserves are maintained on the books of any Restricted Person in accordance with GAAP;

(c) pledges or deposits under worker's compensation, unemployment insurance or other social security legislation;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's, or other like Liens (including without limitation, Liens on property of Restricted Persons in the possession of storage facilities, pipelines or barges) arising in the ordinary course of business for amounts which are not more than 60 days past due or the validity of which is being contested in good faith and by appropriate proceedings, if necessary, and for which adequate reserves are maintained on the books of any Restricted Person in accordance with GAAP;

(e) Liens under or with respect to accounts with brokers or counterparties with respect to Hedging Contracts consisting of cash, commodities or futures contracts, options, securities, instruments, and other like assets securing only Hedging Contracts permitted under Section 7.1.

(f) deposits of cash or securities to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of real property or minor imperfections in title thereto which, in the aggregate, are not material in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any Restricted Person;

(h) Liens in respect of operating leases and Capital Leases permitted under Section 7.1;

(i) Liens upon any property or assets acquired after the date hereof by a Restricted Person, each of which either (i) existed on such property or asset before the time of its acquisition and was not created in anticipation thereof, or (ii) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such property or asset; provided that no such Lien shall extend to or cover any property or asset of a Restricted Person other than the property or asset so acquired (or constructed) and the Indebtedness secured thereby is permitted under Section 7.1(f) hereof; and any extension, renewal, refinancing, refunding or replacement (or successive extensions, renewals,

refinancings, refundings or replacements), in whole or part, of the foregoing, provided, however, that such Liens shall not cover or secure any additional Indebtedness, obligations, property or asset;

(j) rights reserved to or vested in any governmental authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to revoke or terminate any such right, power, franchise, grant, license or permit or to condemn or acquire by eminent domain or similar process;

(k) rights reserved to or vested by Law in any governmental authority to in any manner, control or regulate in any manner any of the properties of any Restricted Person or the use thereof or the rights and interests of any Restricted Person therein, in any manner under any and all Laws;

(l) rights reserved to the grantors of any properties of any Restricted Person, and the restrictions, conditions, restrictive covenants and limitations, in respect thereto, pursuant to the terms, conditions and provisions of any rights-of-way agreements, contracts or other agreements therewith;

(m) inchoate Liens in respect of pending litigation or with respect to a judgment which has not resulted in an Event of Default under Section 8.1; and

(n) statutory Liens securing obligations for the purchase of crude oil in the ordinary course of business at the wellhead.

Section 7.3. Hedging Contracts. No Restricted Person will be a party to or in any manner be liable on any Hedging Contract, except:

(a) Hedging Contracts entered into by a Restricted Person with the purpose and effect of fixing interest rates on a principal amount of indebtedness of such Restricted Person that is accruing interest at a variable rate, provided that (i) the aggregate notional amount of such contracts never exceeds one hundred percent (100%) of the anticipated outstanding principal balance of the indebtedness to be hedged by such contracts or an average of such principal balances calculated using a generally accepted method of matching interest swap contracts to declining principal balances, (ii) the floating rate index of each such contract generally matches the index used to determine the floating rates of interest on the corresponding indebtedness to be hedged by such contract and (iii) each such contract is with a counterparty or has a guarantor of the obligation of the counterparty who (unless such counterparty is a Lender or one of its Affiliates) at the time the contract is made has long-term unsecured and unenhanced debt obligations rated AA or Aa2 or better, respectively, by either Rating Agency or is an investment grade-rated industry participant or otherwise acceptable to Majority Lenders.

(b) Hedging Contracts entered into with the purpose and effect of fixing prices on crude oil then owned by a Restricted Person or which a Restricted Person is then obligated to purchase, provided that at all times: (i) no such contract fixes a price for a term of more than twelve (12) months, except for time trades involving all of the following: (A) Cash and Carry

Purchases, (B) a sales contract resulting solely in "Approved Receivables", (C) a term of not more than thirty-six (36) months, and (D) in the aggregate with all other such time trades an amount not in excess of the Time Trade Limit, (ii) the aggregate amount of such crude oil so hedged at any one time does not exceed the aggregate Open Position at such time, (iii) such contract is entered into for the purpose of hedging the price risk on oil anticipated to be disposed of and for which no other fixed sale price or other price fixing arrangement exists, and (iv) each such contract is either (A) with a counterparty or has a guarantor of the obligation of the counterparty who (unless such counterparty is a Lender Party or one of its Affiliates) at the time the contract is made has long-term unsecured and unenhanced debt obligations rated AA or Aa2 or better, respectively, by either Rating Agency or (B) entered into on the New York Mercantile Exchange ("Nymex") through a broker listed on the Disclosure Schedule or otherwise approved by Majority Lenders; provided that if a Nymex position is converted to a physical position by way of an "exchange for physicals" or an "alternative delivery procedure" then such Restricted Person may extend credit in connection with such physical position so long as such credit would comply with the credit requirements of the definition of "Approved Receivables." As used herein, "Time Trade Limit" shall mean (i) from the date hereof until and including the date of the Chevron Advance, 600,000 barrels, and (ii) on and after the date of the Chevron Advance, 1,500,000 barrels, and "Approved Receivables" shall mean a receivable from a Person, or guaranteed by a Person, having a senior unsecured debt rating of at least Baa by Moody's or BBB- by S&P.

Section 7.4. Limitation on Mergers, Issuances of Securities. Except as expressly provided in this section, no Restricted Person will (a) enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), (b) acquire any business or property from, or capital stock of, or be a party to any acquisition of, any Person except for purchases of inventory and other property to be sold or used in the ordinary course of business and Investments permitted under Section 7.7 hereof or (c) sell, transfer, lease, exchange, alienate or otherwise dispose of, in one transaction or a series of transactions, any part of its business or property, whether now owned or hereafter acquired, except for sales or transfers not prohibited by under Section 7.5 hereof. Any Subsidiary of Borrower may, however, be merged into or consolidated with (i) another Subsidiary of Borrower, so long as a Guarantor is the surviving business entity, or (ii) Borrower, so long as Borrower is the surviving business entity. Borrower will not issue any securities other than (i) general or limited partnership interests and any options or warrants giving the holders thereof only the right to acquire such interests issued to General Partner or Marketing, respectively, and (ii) debt securities permitted by Section 7.1(f). No Subsidiary of Borrower will issue any additional shares of its capital stock or other securities or any options, warrants or other rights to acquire such additional shares or other securities except a direct Subsidiary of a Restricted Person may issue additional shares or other securities to such Restricted Person, to Borrower, or to General Partner so long as such Subsidiary is a Wholly Owned Subsidiary of Borrower after giving effect thereto. No Subsidiary of Borrower which is a partnership or a limited liability company will allow any diminution of Borrower's interest (direct or indirect) therein.

Section 7.5. Limitation on Sales of Property. No Restricted Person will sell, transfer, lease, exchange, alienate or dispose of any Collateral or any of its material assets or properties or any material interest therein except:

(a) equipment which is worthless or obsolete or which is replaced by equipment of equal suitability and value;

(b) inventory (including pipeline linefill) which is sold in the ordinary course of business on ordinary trade terms or, in the case of sales to Marketing, on terms set forth in the Marketing Agreement;

(c) in other property which is sold for fair consideration not in the aggregate in excess of $5,000,000 in any Fiscal Year, the sale of which will not materially impair or diminish the value of the Collateral or any Restricted Person's financial condition, business or operations; and

(d) sales or transfers, subject to the Security Documents, by a Subsidiary of Borrower to Borrower or to a Wholly Owned Subsidiary of Borrower that is a Guarantor.

Except as contemplated by the Marketing Agreement, no Restricted Person shall extend trade credit in connection with the sale or exchange of inventory other than in a manner consistent with prudent industry practices and the credit practices of Marketing as carried on as of the date of this Agreement. No Restricted Person will sell, transfer or otherwise dispose of capital stock of or interest in any of its Subsidiaries except to Borrower or a Wholly Owned Subsidiary of Borrower. No Restricted Person will discount, sell, pledge or assign any notes payable to it, accounts receivable or future income. So long as no Default then exists, Administrative Agent will, at Borrower's request and expense, execute a release, satisfactory to Borrower and Administrative Agent, of any Collateral so sold, transferred, leased, exchanged, alienated or disposed of pursuant to the clause (a) or (c) of this Section.

Section 7.6. Limitation on Dividends, Distributions, and Redemptions.

(a) No Restricted Person will declare or pay any dividends on, or make any other distribution in respect of, any class of its capital stock or any partnership, limited liability company, or other interest in it, nor will any Restricted Person directly or indirectly make any capital contribution to or purchase, redeem, acquire or retire any shares of the capital stock of or partnership or limited liability company interests in any Restricted Person (whether such interests are now or hereafter issued, outstanding or created), or cause or permit any reduction or retirement of the capital stock of any Restricted Person, while any Loan or the Commitment is outstanding; provided, however (but subject to Section 7.5), (i) Subsidiaries of Borrower or of any Guarantor shall not be restricted, directly or indirectly, from declaring and paying dividends or making any other distributions to Borrower or any such Guarantor, respectively, (ii) no Restricted Person shall be restricted from making capital contributions to a Wholly Owned Subsidiary of such Restricted Person that is a Guarantor, and (iii) Borrower shall not be restricted from distributing Available Cash as permitted below. From and after the date of the Chevron Advance (or the expiration of the commitment hereunder to make the Chevron Advance), so long as no Default or Event of Default has occurred and is continuing or would result therefrom, Borrower may distribute Available Cash (other than amounts required to be applied as otherwise required in any Loan Document) to its partners in accordance with the Partnership Agreement if prior to and after making such distributions (i) the aggregate outstanding principal balance of all Revolver Loans (exclusive of the face amount of outstanding and undrawn Letters of Credit) is

less than $5,000,000 and (ii) Consolidated current liabilities of Borrower (excluding current maturities of the Loans) do not exceed the sum of (1) Consolidated current assets of Borrower plus (2) the remainder of (if positive) (A) $5,000,000 minus (B) the outstanding balance of the Revolver Loans plus (3) $10,000,000. Notwithstanding anything to the contrary herein beginning on or after June 30, 2002, Borrower shall not declare or pay any dividend or make any other distribution in respect of any partnership interest in it, including but not limited to distributions of Available Cash, if, prior to, or after giving effect to, the payment of such dividend or the making of such distribution, the ratio of (i) Consolidated Funded Indebtedness to (ii) Consolidated EBITDA for the Four Fiscal Quarter period most recently ended prior to the date of such dividend or distribution minus the cumulative amount all such dividends or distributions made after June 30, 2002, is, or shall be, greater than 3.5 to 1.0.

(b) Notwithstanding anything to the contrary in this Section 7.6, if at any time any Restricted Person that is a partnership or a limited liability company shall cease to be treated as a partnership for federal income tax purposes, such Restricted Person shall thereafter not declare, pay, or make any distribution in respect of any partnership or limited liability company interest in it that is not permitted under clause (iii) of Section 7.6(a), nor shall any Restricted Person directly or indirectly make any capital contribution to or purchase, redeem, acquire or retire any partnership or limited liability company interests in any such Restricted Person (whether such interests are now or hereafter issued, outstanding or created), until such time as Borrower and Majority Lenders have agreed to the terms and conditions under which any such Restricted Person may be permitted to declare, pay, and make such distributions.

Section 7.7. Limitation on Investments and New Businesses. No Restricted Person will (a) make any expenditure or commitment or incur any obligation or enter into or engage in any transaction except in the ordinary course of business, (b) engage directly or indirectly in any business or conduct any operations except in connection with or incidental to its present businesses and operations, (c) make any acquisitions of all or a portion (exclusive of assets acquired pursuant to and permitted by Section 7.13) of the business, assets or operations of a Person, make any acquisitions of any capital stock or other equity interest in a Person, or make capital contributions to, or other Investments in, any Person, other than Permitted Investments. All transactions permitted under the foregoing subsections (a) through (c), inclusive, are subject to Section 7.5.

Section 7.8. Limitation on Credit Extensions. Except for Permitted Investments and Hedging Contracts permitted under Section 7.3(b) hereof, no Restricted Person will extend credit, make advances or make loans other than normal and prudent extensions of credit to customers buying goods and services in the ordinary course of business or to another Restricted Person in the ordinary course of business, which extensions shall not be for longer periods than those extended by similar businesses operated in a normal and prudent manner.

Section 7.9. Transactions with Affiliates. No Restricted Person will engage in any material transaction with any of its Affiliates except: (a) transactions among Borrower and Wholly Owned Subsidiaries of Borrower, subject to the other provisions of this Agreement, (b) sales of crude oil gathered by Restricted Persons under the Marketing Agreement; provided, however, that the aggregate accounts receivables due from Marketing and sales to Marketing shall never

exceed an amount satisfactory to Majority Lenders which, unless Majority Lenders determine that a material adverse change has occurred in the business, credit worthiness, or financial condition of Marketing, shall be the lesser of (i) 50% of Restricted Persons aggregate accounts receivable or (ii) sales per month of $50,000,000, (c) transactions with the General Partner pursuant to the Partnership Agreement, (d) distributions by Borrower to its partners permitted by Section 7.6 and (e) transactions entered into in the ordinary course of business of such Restricted Person on terms which are no less favorable to such Restricted Person than those which would have been obtainable at the time in arm's-length transactions with Persons other than such Affiliates. No Restricted Person will be obligated to pay management fees or other fees in respect of general or administration services or functions to any Affiliate (other than reimbursements to General Partner pursuant to the Partnership Agreement).

Section 7.10. Prohibited Contracts. Except as expressly provided for in the Loan Documents and as described in the Disclosure Schedule, no Restricted Person will, directly or indirectly, enter into, create, or otherwise allow to exist any contract or other consensual restriction on the ability of such Restricted Person to: (a) pay dividends or make other distributions to any Restricted Person, (b) redeem equity interests held in it by any Restricted Person, (c) repay loans and other indebtedness owing by it to any Restricted Person, or (d) transfer any of its assets to any Restricted Person. No Restricted Person will enter into any "take-or-pay" contract or other contract or arrangement for the purchase of goods or services which obligates it to pay for such goods or service regardless of whether they are delivered or furnished to it. Borrower will not amend or permit any amendment to the Partnership Agreement or the Marketing Agreement, and no Restricted Person will amend or permit any amendment to any contract or lease, which releases, qualifies, limits, makes contingent or otherwise detrimentally affects the rights and benefits of Administrative Agent or any Lender under or acquired pursuant to any Security Documents. No ERISA Affiliate will incur any obligation to contribute to any "multiemployer plan" as defined in Section 4001 of ERISA that is subject to Title IV of ERISA.

Section 7.11. Debt Coverage Ratio. At the end of any Fiscal Quarter, the ratio of (a) Consolidated Funded Indebtedness to (b) Consolidated EBITDA for the four Fiscal Quarter period ending with such Fiscal Quarter will not be greater than (i) 6.0 to 1.0 for each such period ending during the period from October 1, 1999 until and including June 30, 2000, (ii) 5.0 to 1.0 for each such period ending during the period from July 1, 2000 until and including June 30, 2001, and (iii) 4.0 to 1.0 for each such period ending at any time thereafter.

Section 7.12. Interest Coverage Ratio. At the end of any Fiscal Quarter, the ratio of (a) Consolidated EBITDA to (b) Interest Expense for the four-Fiscal Quarter period ending with such Fiscal Quarter will not be less than (i) 2.0 to 1.0 for each such period ending during the period from October 1, 1999 until and including June 30, 2000, and (ii) 2.5 to 1.0 for each such period ending at any time thereafter.

Section 7.13. Capital Expenditures. Restricted Persons shall not incur capital expenditures (other than expenditures for repair or maintenance of existing capital assets) during (i) the period from the date of this Agreement until and including December 31, 1999 in excess of $2,500,000 or (ii) any Fiscal Year, commencing with the Fiscal Year beginning on January 1,

2000, in an aggregate amount in excess of (a) $2,500,000, if the ratio of Consolidated Funded Indebtedness on the last day of the preceding Fiscal Year to Consolidated EBITDA for such preceding Fiscal Year was equal to or greater than 5.0 to 1.0 or (b) $5,000,000, if the ratio of Consolidated Funded Indebtedness on the last day of the preceding Fiscal Year to Consolidated EBITDA for such preceding Fiscal Year was less than 5.0 to 1.0. In addition to the capital expenditures permitted by the immediately preceding sentence, Restricted Persons shall be permitted to incur capital expenditures (which are anticipated to include, but are not limited to, the exercise of options to purchase in connection with capital leases and the repair of storage facilities), net of any trade-in value or other amounts received (if any) in connection with the purchase and sale of similar capital assets, during the period from the date of this Agreement until and including the first anniversary of this Agreement of up to $5,000,000.

Section 7.14. Cash and Carry; Open Position. Restricted Persons shall not (i) purchase crude oil for physical storage except at storage facilities owned and operated by a Restricted Person, or (ii) at any time have an aggregate Open Position other than in connection with linefill in third party pipelines that does not in the aggregate at any one time exceed 750,000 barrels.

ARTICLE VIII - Events of Default and Remedies

Section 8.1. Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

(a) Any Restricted Person fails to pay the principal component of any Loan or any reimbursement obligation with respect to any Letter of Credit when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any Restricted Person fails to pay any Obligation (other than the Obligations in subsection (a) above) when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise, within three Business Days after the same becomes due;

(c) Any event defined as a "default" or "event of default" in any Loan Document occurs, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(d) Any Restricted Person fails to duly observe, perform or comply with any covenant, agreement or provision of Section 6.4 or Article VII;

(e) Any Restricted Person fails (other than as referred to in subsections (a), (b), (c) or (d) above) to duly observe, perform or comply with any covenant, agreement, condition or provision of any Loan Document to which it is a party, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by Administrative Agent to Borrower;

(f) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made, or any Loan Document at any time ceases to be valid, binding and enforceable as warranted in Section 5.5 for any reason other than its release or subordination by Administrative Agent;

(g) Any Restricted Person shall default in the payment when due of any principal of or interest on any of its other Indebtedness in excess of $2,500,000 in the aggregate (other than Indebtedness the validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves with respect thereto are maintained on the books of such Restricted Person in accordance with GAAP), or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity;

(h) Either (i) any "accumulated funding deficiency" (as defined in Section 412(a) of the Code) in excess of $500,000 exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, or (ii) any Termination Event occurs with respect to any ERISA Plan and the then current value of such ERISA Plan's benefit liabilities exceeds the then current value of such ERISA Plan's assets available for the payment of such benefit liabilities by more than $500,000 (or in the case of a Termination Event involving the withdrawal of a substantial employer, the withdrawing employer's proportionate share of such excess exceeds such amount);

(i) General Partner, Plains MLP, Marketing, Pipeline, or any Restricted Person:

(i) has entered against it of a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended, or has any such proceeding commenced against it, in each case, which remains undismissed for a period of sixty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or is generally unable to pay (or admits in writing its inability to so pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) has entered against it the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its assets in a proceeding brought against or initiated by it, and such

appointment or taking possession is neither made ineffective nor discharged within sixty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) has entered against it the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of any part of the Collateral of a value in excess of $2,500,000 in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within sixty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(v) has entered against it a final judgment for the payment of money in excess of $2,500,000 (in each case not covered by insurance satisfactory to Administrative Agent in its discretion), unless the same is stayed or discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(vi) suffers a writ or warrant of attachment or any similar process to be issued by any Tribunal against all or any substantial part of its assets or any part of the Collateral of a value in excess of $2,500,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside;

(j) General Partner, Plains MLP, Marketing, or Pipeline shall default in the payment when due of any principal of or interest on any of its Indebtedness in excess of $1,000,000 in the aggregate, or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity;

(k) Any Change of Control occurs;

(l) Any partner of any Restricted Person that is a partnership, any member of any Restricted Person that is a limited liability company, or any shareholder of any Restricted Person that is a corporation shall grant a Lien on, or otherwise encumber, any partnership interest of, limited liability company membership interest of, shares or stock of any class issued by, or other ownership interest in, any Restricted Person except as provided in any Loan Document;

(m) Any partner of any Restricted Person that is a partnership, any member of any Restricted Person that is a limited liability company, or any shareholder of any Restricted Person that is a corporation shall sell, transfer or otherwise dispose of any partnership interest of, limited liability company membership interest of, shares of stock of any class issued by, or other ownership interest in, any Restricted Person or permit any dilution in the control thereof except as provided in any Loan Document; or

(n) Any Restricted Person is dissolved or otherwise ceases to exist except as provided herein.

Upon the occurrence of an Event of Default described in subsection (i)(i), (i)(ii) or (i)(iii) of this section with respect to Borrower, all of the Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrower and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of any Lender to make any further Loans and any obligation of LC Issuer to issue Letters of Credit hereunder shall be permanently terminated. During the continuance of any other Event of Default, Administrative Agent at any time and from time to time may (and upon written instructions from Majority Lenders, Administrative Agent shall), without notice to Borrower or any other Restricted Person, do either or both of the following: (1) terminate any obligation of Lenders to make Loans hereunder and any obligation of LC Issuer to issue Letters of Credit hereunder, and (2) declare any or all of the Obligations immediately due and payable, and all such Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrower and each Restricted Person who at any time ratifies or approves this Agreement.

Section 8.2. Remedies. If any Default shall occur and be continuing, each Lender Party may protect and enforce its rights under the Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and each Lender Party may enforce the payment of any Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Lender Parties under the Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the Loan Documents or at Law or in equity.

ARTICLE IX - Administrative Agent

Section 9.1. Appointment and Authority. Each Lender Party hereby irrevocably authorizes Administrative Agent, and Administrative Agent hereby undertakes, to receive payments of principal, interest and other amounts due hereunder as specified herein and to take all other actions and to exercise such powers under the Loan Documents as are specifically delegated to Administrative Agent by the terms hereof or thereof, together with all other powers reasonably incidental thereto. The relationship of Administrative Agent to the other Lender Parties is only that of one commercial lender acting as administrative agent for others, and nothing in the Loan Documents shall be construed to constitute Administrative Agent a trustee or other fiduciary for any Lender Party or any holder of any participation in a Note nor to impose on Administrative Agent duties and obligations other than those expressly provided for in the Loan Documents. With respect to any matters not expressly provided for in the Loan Documents and any matters which the Loan Documents place within the discretion of Administrative Agent, Administrative

Agent shall not be required to exercise any discretion or take any action, and it may request instructions from Lenders with respect to any such matter, in which case it shall be required to act or to refrain from acting (and shall be fully protected and free from liability to all Lender Parties in so acting or refraining from acting) upon the instructions of Majority Lenders (including itself), provided, however, that Administrative Agent shall not be required to take any action which exposes it to a risk of personal liability that it considers unreasonable or which is contrary to the Loan Documents or to applicable Law. Upon receipt by Administrative Agent from Borrower of any communication calling for action on the part of Lenders or upon notice from Borrower or any Lender to Administrative Agent of any Default or Event of Default, Administrative Agent shall promptly notify each other Lender thereof.

Section 9.2. Exculpation, Administrative Agent's Reliance, Etc. Neither Administrative Agent nor any of its directors, officers, agents, attorneys, or employees shall be liable for any action taken or omitted to be taken by any of them under or in connection with the Loan Documents, INCLUDING THEIR NEGLIGENCE OF ANY KIND, except that each shall be liable for its own gross negligence or willful misconduct. Without limiting the generality of the foregoing, Administrative Agent (a) may treat the payee of any Note as the holder thereof until Administrative Agent receives written notice of the assignment or transfer thereof in accordance with this Agreement, signed by such payee and in form satisfactory to Administrative Agent; (b) may consult with legal counsel (including counsel for Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any other Lender Party and shall not be responsible to any other Lender Party for any statements, warranties or representations made in or in connection with the Loan Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of the Loan Documents on the part of any Restricted Person or to inspect the property (including the books and records) of any Restricted Person; (e) shall not be responsible to any other Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any instrument or document furnished in connection therewith; (f) may rely upon the representations and warranties of each Restricted Person or Lender Party in exercising its powers hereunder; and (g) shall incur no liability under or in respect of the Loan Documents by acting upon any notice, consent, certificate or other instrument or writing (including any facsimile, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper Person or Persons.

Section 9.3. Credit Decisions. Each Lender Party acknowledges that it has, independently and without reliance upon any other Lender Party, made its own analysis of Borrower and the transactions contemplated hereby and its own independent decision to enter into this Agreement and the other Loan Documents. Each Lender Party also acknowledges that it will, independently and without reliance upon any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents.

SECTION 9.4. INDEMNIFICATION. EACH LENDER AGREES TO INDEMNIFY ADMINISTRATIVE AGENT (TO THE EXTENT NOT REIMBURSED BY BORROWER WITHIN TEN (10) DAYS AFTER DEMAND) FROM AND AGAINST SUCH LENDER'S PERCENTAGE SHARE OF ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS, LOSSES, DAMAGES, PENALTIES, FINES, ACTIONS, JUDGMENTS, SUITS, SETTLEMENTS, COSTS, EXPENSES OR DISBURSEMENTS (INCLUDING REASONABLE FEES OF ATTORNEYS, ACCOUNTANTS, EXPERTS AND ADVISORS) OF ANY KIND OR NATURE WHATSOEVER (IN THIS SECTION COLLECTIVELY CALLED "LIABILITIES AND COSTS") WHICH TO ANY EXTENT (IN WHOLE OR IN PART) MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST ADMINISTRATIVE AGENT GROWING OUT OF, RESULTING FROM OR IN ANY OTHER WAY ASSOCIATED WITH ANY OF THE COLLATERAL, THE LOAN DOCUMENTS AND THE TRANSACTIONS AND EVENTS (INCLUDING THE ENFORCEMENT THEREOF) AT ANY TIME ASSOCIATED THEREWITH OR CONTEMPLATED THEREIN (WHETHER ARISING IN CONTRACT OR IN TORT OR OTHERWISE AND INCLUDING ANY VIOLATION OR NONCOMPLIANCE WITH ANY ENVIRONMENTAL LAWS BY ANY PERSON OR ANY LIABILITIES OR DUTIES OF ANY PERSON WITH RESPECT TO HAZARDOUS MATERIALS FOUND IN OR RELEASED INTO THE ENVIRONMENT).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ADMINISTRATIVE AGENT, provided only that no Lender shall be obligated under this section to indemnify Administrative Agent for that portion, if any, of any liabilities and costs which is proximately caused by Administrative Agent's own individual gross negligence or willful misconduct, as determined in a final judgment. Cumulative of the foregoing, each Lender agrees to reimburse Administrative Agent promptly upon demand for such Lender's Percentage Share of any costs and expenses to be paid to Administrative Agent by Borrower under Section 10.4(a) to the extent that Administrative Agent is not timely reimbursed for such expenses by Borrower as provided in such section. As used in this section the term "Administrative Agent" shall refer not only to the Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative and Affiliate of such Person.

Section 9.5. Rights as Lender. In its capacity as a Lender, Administrative Agent shall have the same rights and obligations as any Lender and may exercise such rights as though it were not Administrative Agent. Administrative Agent may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with any Restricted Person or their Affiliates, all as if it were not Administrative Agent hereunder and without any duty to account therefor to any other Lender.

Section 9.6. Sharing of Set-Offs and Other Payments. Each Lender Party agrees that if it shall, whether through the exercise of rights under Security Documents or rights of banker's lien, set off, or counterclaim against Borrower or otherwise, obtain payment of a portion of the aggregate Obligations owed to it which, taking into account all distributions made by Administrative Agent under Section 3.1, causes such Lender Party to have received more than it would have received had such payment been received by Administrative Agent and distributed pursuant to Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Obligations as necessary to cause all Lender Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that Administrative Agent and all Lender Parties share all payments of Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right of any Lender Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Obligations. Borrower expressly consents to the foregoing arrangements and agrees that any holder of any such interest or other participation in the Obligations, whether or not acquired pursuant to the foregoing arrangements, may to the fullest extent permitted by Law and, subject to the provisions of Section 6.16, exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Obligations in the amount of such interest or other participation. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the order of a Tribunal to be paid on account of the possession of such funds prior to such recovery.

Section 9.7. Investments. Whenever Administrative Agent in good faith determines that it is uncertain about how to distribute to Lender Parties any funds which it has received, or whenever Administrative Agent in good faith determines that there is any dispute among Lender Parties about how such funds should be distributed, Administrative Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Administrative Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Administrative Agent is otherwise required to invest funds pending distribution to Lender Parties, Administrative Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same proportion and to the same Persons as such Investment. All moneys received by Administrative Agent for distribution to Lender Parties (other than to the Person who is Administrative Agent in its separate capacity as a Lender Party) shall be held by Administrative Agent pending such distribution solely as Administrative Agent for such Lender Parties, and Administrative Agent shall have no equitable title to any portion thereof.

Section 9.8. Benefit of Article IX. The provisions of this Article are intended solely for the benefit of Lender Parties, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender (other than in relation to the reference to Section 6.16 contained in Section 9.6 or the right to reasonably approve a successor Administrative Agent under Section 9.9). Lender Parties may waive or amend such provisions as they desire without any notice to or consent of Borrower or any other Restricted Person.

Section 9.9. Resignation. Administrative Agent may resign at any time by giving written notice thereof to Lenders and Borrower. Each such notice shall set forth the date of such resignation. Upon any such resignation Majority Lenders shall have the right to appoint a successor Administrative Agent, subject to the approval of Borrower, which approval will not be unreasonably withheld. A successor must be appointed for any retiring Administrative Agent, and such Administrative Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Administrative Agent's resignation, no successor Administrative Agent has been appointed and has accepted such appointment, then the retiring Administrative Agent may appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of the United States of America or of any state thereof. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Administrative Agent's resignation hereunder the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Documents.

Section 9.10. Syndication Agent. The Syndication Agent, in such capacity, shall not have any duties or responsibilities or incur any liabilities under this Agreement or the other Loan Documents.

ARTICLE X - Miscellaneous

Section 10.1. Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Lender in exercising any right, power or remedy which such Lender Party may have under any of the Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is Borrower, by Borrower, (ii) if such party is Administrative Agent or LC Issuer, by such party, and (iii) if such party is a Lender, by such Lender or by Administrative Agent on behalf of Lenders with the written consent of Majority Lenders (which consent has

already been given as to the termination of the Loan Documents as provided in Section 10.9). Notwithstanding the foregoing or anything to the contrary herein, Administrative Agent shall not, without the prior consent of each individual Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV (provided that Administrative Agent may in its discretion withdraw any request it has made under Section 4.4), (2) increase the maximum amount which such Lender is committed hereunder to lend, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) change any date fixed for any payment of any such fees, principal or interest, (5) amend the definition herein of "Majority Lenders" or otherwise change the aggregate amount of Percentage Shares which is required for Administrative Agent, Lenders or any of them to take any particular action under the Loan Documents, (6) release Borrower from its obligation to pay such Lender's Note or any Guarantor from its guaranty of such payment, or (7) release any substantial part of the Collateral, except such releases relating to sales of property as permitted under Section 7.5.

(b) Acknowledgments and Admissions. Borrower hereby represents, warrants, acknowledges and admits that (i) it has been advised by counsel in the negotiation, execution and delivery of the Loan Documents to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Administrative Agent or any other Lender Party, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iii) there are no representations, warranties, covenants, undertakings or agreements by any Lender Party as to the Loan Documents except as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iv) no Lender Party has any fiduciary obligation toward Borrower with respect to any Loan Document or the transactions contemplated thereby, (v) the relationship pursuant to the Loan Documents between Borrower and the other Restricted Persons, on one hand, and each Lender Party, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the Loan Documents between any Restricted Person and any Lender Party, (vii) Administrative Agent is not Borrower's Administrative Agent, but Administrative Agent for Lenders, (viii) should an Event of Default or Default occur or exist, each Lender Party will determine in its sole discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time, (ix) without limiting any of the foregoing, Borrower is not relying upon any representation or covenant by any Lender Party, or any representative thereof, and no such representation or covenant has been made, that any Lender Party will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Loan Documents with respect to any such Event of Default or Default or any other provision of the Loan Documents, and (x) all Lender Parties have relied upon the truthfulness of the acknowledgments in this section in deciding to execute and deliver this Agreement and to become obligated hereunder.

(c) Representation by Lenders. Each Lender hereby represents that it will acquire its Note for its own account in the ordinary course of its commercial lending or investing business; however, the disposition of such Lender's property shall at all times be and remain within its control and, in particular and without limitation, such Lender may sell or otherwise transfer its

Note, any participation interest or other interest in its Note, or any of its other rights and obligations under the Loan Documents subject to compliance with Sections 10.5(b) through (f), inclusive, and applicable Law.

(d) JOINT ACKNOWLEDGMENT. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 10.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the Loan Documents shall survive the execution and delivery of this Agreement and the other Loan Documents and the performance hereof and thereof, including the making or granting of the Loans and the delivery of the Notes and the other Loan Documents, and shall further survive until all of the Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to Borrower are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Restricted Person to any Lender Party under any Loan Document shall be deemed representations and warranties by Borrower or agreements and covenants of Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Loan Documents.

Section 10.3. Notices. All notices, requests, consents, demands and other communications required or permitted under any Loan Document shall be in writing, unless otherwise specifically provided in such Loan Document (provided that Administrative Agent may give telephonic notices to the other Lender Parties), and shall be deemed sufficiently given or furnished if delivered by personal delivery, by facsimile or other electronic transmission, by delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, to Borrower and Restricted Persons at the address of Borrower specified on the signature pages hereto and to each Lender Party at its address specified on the signature pages hereto (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given (a) in the case of personal delivery or delivery service, as of the date of first attempted delivery during normal business hours at the address provided herein, (b) in the case of facsimile or other electronic transmission, upon receipt, or (c) in the case of registered or certified United States

mail, three days after deposit in the mail; provided, however, that no Borrowing Notice or Continuation/Conversion Notice shall become effective until actually received by Administrative Agent.

Section 10.4. Payment of Expenses; Indemnity.

(a) Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, Borrower will promptly (and in any event, within 30 days after any invoice or other statement or notice) pay: (i) all transfer, stamp, mortgage, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any of the other Loan Documents or any other document referred to herein or therein, (ii) all reasonable costs and expenses incurred by or on behalf of Administrative Agent (including attorneys' fees, consultants' fees and engineering fees, travel costs and miscellaneous expenses) in connection with (1) the negotiation, preparation, execution and delivery of the Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto, (2) the filing, recording, refiling and re-recording of any Loan Documents and any other documents or instruments or further assurances required to be filed or recorded or refiled or re-recorded by the terms of any Loan Document, (3) the borrowings hereunder and other action reasonably required in the course of administration hereof, (4) monitoring or confirming (or preparation or negotiation of any document related to) Borrower's compliance with any covenants or conditions contained in this Agreement or in any Loan Document, and (iii) all reasonable costs and expenses incurred by or on behalf of any Lender Party (including attorneys' fees, consultants' fees and accounting fees) in connection with the defense or enforcement of any of the Loan Documents (including this section) or the defense of any Lender Party's exercise of its rights thereunder. In addition to the foregoing, until all Obligations have been paid in full, Borrower will also pay or reimburse Administrative Agent for all reasonable out-of-pocket costs and expenses of Administrative Agent or its agents or employees in connection with the continuing administration of the Loans and the related due diligence of Administrative Agent, including travel and miscellaneous expenses and fees and expenses of Administrative Agent's outside counsel, reserve engineers and consultants engaged in connection with the Loan Documents.

(b) Indemnity. Borrower agrees to indemnify each Lender Party, upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements (including reasonable fees of attorneys, accountants, experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against such Lender Party growing out of, resulting from or in any other way associated with any of the Collateral, the Loan Documents and the transactions and events (including the enforcement or defense thereof) at any time associated therewith or contemplated therein (whether arising in contract or in tort or otherwise and including any violation or noncompliance with any Environmental Laws by any Lender Party or any other Person or any liabilities or duties of any Lender Party or any other Person with respect to Hazardous Materials found in or released into the environment).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR CAUSED, IN WHOLE

OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled under this section to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment. If any Person (including Borrower or any of its Affiliates) ever alleges such gross negligence or willful misconduct by any Lender Party, the indemnification provided for in this section shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as a court of competent jurisdiction enters a final judgment as to the extent and effect of the alleged gross negligence or willful misconduct. As used in this section the term "Lender Party" shall refer not only to each Person designated as such in Section 1.1 but also to each director, officer, trustee, agent, attorney, employee, representative and Affiliate of such Persons.

Section 10.5. Joint and Several Liability; Parties in Interest; Assignments.

(a) All Obligations which are incurred by two or more Restricted Persons shall be their joint and several obligations and liabilities. All grants, covenants and agreements contained in the Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and permitted assigns; provided, however, that no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Loan Document without the prior consent of all Lenders. Neither Borrower nor any Affiliates of Borrower shall directly or indirectly purchase or otherwise retire any Obligations owed to any Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If Borrower or any Affiliate of Borrower at any time purchases some but less than all of the Obligations owed to all Lender Parties, such purchaser shall not be entitled to any rights of any Lender under the Loan Documents unless and until Borrower or its Affiliates have purchased all of the Obligations.

(b) No Lender shall sell any participation interest in its commitment hereunder or any of its rights under its Loans or under the Loan Documents to any Person unless the agreement between such Lender and such participant at all times provides: (i) that such participation exists only as a result of the agreement between such participant and such Lender and that such transfer does not give such participant any right to vote as a Lender or any other direct claims or rights against any Person other than such Lender, (ii) that such participant is not entitled to payment from any Restricted Person under Sections 3.2 through 3.6 of amounts in excess of those payable to such Lender under such sections (determined without regard to the sale of such participation), and (iii) unless such participant is an Affiliate of such Lender, that such participant shall not be entitled to require such Lender to take any action under any Loan Document or to obtain the consent of such participant prior to taking any action under any Loan Document, except for actions which would require the consent of all Lenders under subsection (a) of Section 10.1. No Lender selling such a participation shall, as between the other parties hereto and such Lender, be relieved of any of its obligations hereunder as a result of the sale of such participation. Each Lender which sells any such participation to any Person (other than an Affiliate of such Lender) shall give prompt notice thereof to Administrative Agent and Borrower; provided, however, that no liability shall arise if any such Lender fails to give such notice to Borrower.

(c) Except for sales of participations under the immediately preceding subsection, no Lender shall make any assignment or transfer of any kind of its commitments or any of its rights under its Loans or under the Loan Documents, except for assignments to an Eligible Transferee or, subject to the provisions of Subsection (g) below, to an Affiliate, and then only if such assignment is made in accordance with the following requirements:

(i) In the case of an assignment by a Revolver Lender of less than all of its Revolver Loans, LC Obligations, and Revolver Commitments, each such assignment shall apply to a consistent percentage of all Revolver Loans and LC Obligations owing to the assignor Revolver Lender hereunder and to the same percentage of the unused portion of the assignor Lender's Revolver Commitments, so that after such assignment is made both the assignee Revolver Lender and the assignor Revolver Lender shall have a fixed (and not a varying) Revolver Percentage Share in its Revolver Loans and LC Obligations and be committed to make that Revolver Percentage Share of all future Revolver Loans and make that Revolver Percentage Share of all future participations in LC Obligations, and the Revolver Percentage Share of the Revolver Commitment of both the assignor and assignee shall equal or exceed $5,000,000.

(ii) In the case of an assignment by a Term Lender, after such assignment is made the outstanding Term Loans of both the assignor and assignee shall equal or exceed $5,000,000, except with respect to an assignment of all such Lender's Term Loans or such lesser amount as may be agreed to by the Administrative Agent and Borrower (except that no such minimum shall be applicable with respect to an assignment to a Lender).

(iii) The parties to each such assignment shall execute and deliver to Administrative Agent, for its acceptance and recording in the "Register" (as defined below in this section), an Assignment and Acceptance in the form of Exhibit H, appropriately completed, together with the Note subject to such assignment and a processing fee payable by such assignor Lender (and not at Borrower's expense) to Administrative Agent of $3,500. Upon such execution, delivery, and payment and upon the satisfaction of the conditions set out in such Assignment and Acceptance, then (i) Borrower shall issue new Notes to such assignor and assignee upon return of the old Notes to Borrower, and (ii) as of the "Settlement Date" specified in such Assignment and Acceptance the assignee thereunder shall be a party hereto and a Lender hereunder and Administrative Agent shall thereupon deliver to Borrower and each Lender a revised Schedule 1 hereto showing the revised Revolver Percentage Shares and total Percentage Shares of such assignor Lender and such assignee Lender and the revised Revolver Percentage Shares and total Percentage Shares of all other Lenders.

(iv) Each assignee Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, shall (to the extent it has not already done so) provide Administrative Agent and Borrower with the "Prescribed Forms" referred to in Section 3.7(d).

(d) Nothing contained in this section shall prevent or prohibit any Lender from assigning or pledging all or any portion of its Loans and Note to any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; provided that (i) no such assignment or pledge shall relieve such Lender from its obligations hereunder and (ii) all related costs, fees and expenses incurred by such Lender in connection with such assignment and the reassignment back to it, free of any interests of such Federal Reserve Banks shall be for the sole account of such Lender.

(e) By executing and delivering an Assignment and Acceptance, each assignee Lender thereunder will be confirming to and agreeing with Borrower, Administrative Agent and each other Lender Party that such assignee understands and agrees to the terms hereof, including Article IX hereof.

(f) Administrative Agent shall maintain a copy of each Assignment and Acceptance and a register for the recordation of the names and addresses of Lenders and the Percentage Shares of, and principal amount of the Loans owing to, each Lender from time to time (in this section called the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and Borrower and each Lender Party may treat each Person whose name is recorded in the Register as a Lender Party hereunder for all purposes. The Register shall be available for inspection by Borrower or any Lender Party at any reasonable time and from time to time upon reasonable prior notice.

(g) Any Lender may assign or transfer its commitment or its rights under its Loans or under the Loan Documents to (i) any Affiliate that is wholly-owned direct or indirect subsidiary of such Lender or of any Person that wholly owns, directly or indirectly, such Lender, or (ii) if such Lender is a fund that makes or invests in bank loans, any other fund that makes or invests in bank loans and is advised or managed by (A) the same investment advisor as any Lender or (B) any Affiliate of such investment advisor that is a wholly-owned direct or indirect subsidiary of any Person that wholly owns, directly or indirectly, such investment advisor, subject to the following additional conditions:

(x) any right of such Lender assignor and such assignee to vote as a Lender, or any other direct claims or rights against any other Persons, shall be uniformly exercised or pursued in the manner that such Lender assignor would have so exercised such vote, claim or right if it had not made such assignment or transfer;

(y) such assignee shall not be entitled to payment from any Restricted Person under Sections 3.2 through 3.7 of amounts in excess of those payable to such Lender assignor under such sections (determined without regard to such assignment or transfer); and

(z) if such Lender assignor is a Revolver Lender that assigns or transfers to such assignee any of such Lender Revolver Commitment, assignee may become primarily liable for such Revolver Commitment, but such assignment or transfer shall not relieve or release such Lender from such Revolver Commitment.

Section 10.6. Confidentiality. Each Lender Party agrees (on behalf of itself and each of its Affiliates, and each of its and their directors, officers, agents, attorneys, employees, and representatives) that it (and each of them) will take all reasonable steps to keep confidential any non-public information supplied to it by or at the direction of any Restricted Person so identified when delivered, provided, however, that this restriction shall not apply to information which (a) has at the time in question entered the public domain, (b) is required to be disclosed by Law (whether valid or invalid) of any Tribunal, (c) is disclosed to any Lender Party's Affiliates, auditors, attorneys, or agents, (d) is furnished to any other Lender Party or to any purchaser or prospective purchaser of participations or other interests in any Loan or Loan Document (provided each such purchaser or prospective purchaser first agrees to hold such information in confidence on the terms provided in this section), or (d) is disclosed in the course of enforcing its rights and remedies during the existence of an Event of Default.

Section 10.7. GOVERNING LAW; SUBMISSION TO PROCESS. EXCEPT TO THE EXTENT THAT THE LAW OF ANOTHER JURISDICTION IS EXPRESSLY ELECTED IN A LOAN DOCUMENT, THE LOAN DOCUMENTS SHALL BE DEEMED CONTRACTS AND INSTRUMENTS MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND THE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. BORROWER HEREBY AGREES THAT ANY LEGAL ACTION OR PROCEEDING AGAINST BORROWER WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OF THE LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK AS LENDER PARTIES MAY ELECT, AND, BY EXECUTION AND DELIVERY HEREOF, BORROWER ACCEPTS AND CONSENTS FOR ITSELF AND IN RESPECT TO ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. BORROWER AGREES THAT SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK SHALL APPLY TO THE LOAN DOCUMENTS AND WAIVES ANY RIGHT TO STAY OR TO DISMISS ANY ACTION OR PROCEEDING BROUGHT BEFORE SAID COURTS ON THE BASIS OF FORUM NON CONVENIENS. IN FURTHERANCE OF THE FOREGOING, BORROWER HEREBY IRREVOCABLY DESIGNATES AND APPOINTS CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NEW YORK 12207, AS AGENT OF BORROWER TO RECEIVE SERVICE OF ALL PROCESS BROUGHT AGAINST BORROWER WITH RESPECT TO ANY SUCH PROCEEDING IN ANY SUCH COURT IN NEW YORK, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY BORROWER TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. COPIES OF ANY SUCH PROCESS SO SERVED SHALL ALSO, IF

PERMITTED BY LAW, BE SENT BY REGISTERED MAIL TO BORROWER AT ITS ADDRESS SET FORTH BELOW, BUT THE FAILURE OF BORROWER TO RECEIVE SUCH COPIES SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS AS AFORESAID. BORROWER SHALL FURNISH TO LENDER PARTIES A CONSENT OF CORPORATION SERVICE COMPANY AGREEING TO ACT HEREUNDER PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT. NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF LENDER PARTIES TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. IF FOR ANY REASON CORPORATION SERVICE COMPANY SHALL RESIGN OR OTHERWISE CEASE TO ACT AS BORROWER'S AGENT, BORROWER HEREBY IRREVOCABLY AGREES TO (A) IMMEDIATELY DESIGNATE AND APPOINT A NEW AGENT ACCEPTABLE TO ADMINISTRATIVE AGENT TO SERVE IN SUCH CAPACITY AND, IN SUCH EVENT, SUCH NEW AGENT SHALL BE DEEMED TO BE SUBSTITUTED FOR CORPORATION SERVICE COMPANY FOR ALL PURPOSES HEREOF AND (B) PROMPTLY DELIVER TO AGENT THE WRITTEN CONSENT (IN FORM AND SUBSTANCE SATISFACTORY TO ADMINISTRATIVE AGENT) OF SUCH NEW AGENT AGREEING TO SERVE IN SUCH CAPACITY.

Section 10.8. Limitation on Interest. Lender Parties, Restricted Persons and the other parties to the Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be contracted for, charged, or received by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully contracted for, charged, or received under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the Loan Documents which may be in conflict or apparent conflict herewith. Lender Parties expressly disavow any intention to contract for, charge, or receive excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If (a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the legal maximum, or (c) any Lender or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of that permitted to be contracted for, charged, or received by applicable Law then in effect, then all sums determined to constitute interest in excess of such legal limit shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at such Lender's or holder's option, promptly

returned to Borrower or other payor thereof upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable Law, Lender Parties and Restricted Persons (and any other payors thereof) shall to the greatest extent permitted under applicable Law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instruments evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the maximum legal rate of interest from time to time in effect under applicable Law in order to lawfully charge the maximum amount of interest permitted under applicable Law. In the event applicable Law provides for an interest ceiling under Chapter 303 of the Texas Finance Code (the "Texas Finance Code") as amended, to the extent that the Texas Finance Code is mandatorily applicable to any Lender, for that day, the ceiling shall be the "weekly ceiling" as defined in the Texas Finance Code, provided that if any applicable Law permits greater interest, the Law permitting the greatest interest shall apply.

Section 10.9. Termination; Limited Survival. In its sole and absolute discretion Borrower may at any time that no Obligations are owing or outstanding elect in a written notice delivered to Administrative Agent to terminate this Agreement. Upon receipt by Administrative Agent of such a notice, if no Obligations are then owing or outstanding this Agreement and all other Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Loan Document, any Obligations under Sections 3.2 through 3.6, and any obligations which any Person may have to indemnify or compensate any Lender Party shall survive any termination of this Agreement or any other Loan Document. At the request and expense of Borrower, Administrative Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the Loan Documents. Administrative Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.10. Severability. If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 10.11. Counterparts. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement.

Section 10.12. Waiver of Jury Trial, Punitive Damages, etc. TO THE EXTENT PERMITTED BY LAW, LENDER PARTIES AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR

ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF SUCH PERSONS OR BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER PARTIES' ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. BORROWER AND EACH LENDER PARTY HEREBY FURTHER (A) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES," AS DEFINED BELOW, (B) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (C) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

PLAINS SCURLOCK PERMIAN, L.P.

By: PLAINS ALL AMERICAN INC., its general partner

By: /s/ Phil Kramer

Phil Kramer
Executive Vice President

Address:

500 Dallas Street
Suite 700
Houston, Texas 77002
Attention: Phil Kramer

Telephone: (713) 654-1414
Fax: (713) 654-1523

BANKBOSTON, N.A.
Administrative Agent, LC Issuer and Lender

By: /s/ Terrence Ronan

Terrence Ronan
Director

Address:

100 Federal Street
Boston, Massachusetts 02110
Attention: Terrence Ronan
Mail Code: 01-08-04

Telephone: (617) 434-5472
Fax: (617) 434-3652

BANCBOSTON ROBERTSON STEPHENS, INC.,
Syndication Agent, Lead Arranger and Bank Manager

By: /s/ Richard J. Makin

Richard J. Makin
Managing Director

Address:

100 Federal Street
Boston, Massachusetts 02110
Attention: Terrence Ronan
Mail Code: 01-08-04

Telephone: (617) 434-5472
Fax: (617) 434-3652

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PLAINS ALL AMERICAN PIPELINE, L.P. CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 1999, AND CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
683
0
156,159
0
24,564
187,015
381,627
3,177
633,312
169,126
181,000
0
21,214
260,518
1,299
633,312
455,760
455,857
435,932
438,763
410
0
3,193
11,313
0
11,313
0
0
0
11,313
.37
.37