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

FORM 10-K

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

For the fiscal year ended December 31, 1999

OR

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

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)

Securities registered pursuant to Section 12(b) of the

Title of each class	Name of each exchange on which registered
Common Units	New York Stock Exchange

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 [_]

The aggregate value of the Common Units held by non-affiliates of the registrant (treating all executive officers and directors of the registrant, for this purpose, as if they may be affiliates of the registrant) was approximately $375,808,346 on March 22, 2000, based on $16 3/8 per unit, the closing price of the Common Units as reported on the New York Stock Exchange on such date.

At March 22, 2000, there were outstanding 23,049,239 Common Units, 1,307,190 Class B Common Units and 10,029,619 Subordinated Units.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
1999 FORM 10-K ANNUAL REPORT
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FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, included in this report are forward-looking statements, including, but not limited to, statements identified by the words "anticipate," "believe," ""estimate," "expect," "plan," "intend" and "forecast" and similar expressions and statements regarding our business strategy, plans and objectives of our management for future operations. These statements reflect our current views and those of our general partner with respect to future events, based on what we believe are reasonable assumptions. These statements, however, are subject to certain risks, uncertainties and assumptions, including, but not limited to:

- the availability of adequate supplies of and demand for crude oil in the areas in which we operate;
- the impact of crude oil price fluctuations;
- the effects of competition;
- the success of our risk management activities;
- the availability (or lack thereof) of acquisition or combination opportunities;
- the impact of current and future laws and governmental regulations;
- environmental liabilities that are not covered by an indemnity or insurance; and
- general economic, market or business conditions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from the results anticipated in the forward-looking statements. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

PART I

ITEMS 1. AND 2. BUSINESS AND PROPERTIES

GENERAL

We are a publicly traded Delaware limited partnership engaged in interstate and intrastate crude oil transportation, terminalling and storage, as well as crude oil gathering and marketing activities. We were formed in September 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc., whose wholly-owned subsidiary, Plains All American, Inc., is our general partner. In 1999, we grew through acquisitions and internal development to become one of the largest transporters, terminal operators, gatherers and marketers of crude oil in the United States. We currently transport, terminal, gather and market an aggregate of approximately 650,000 barrels of crude oil per day.

Our operations are concentrated in California, Texas, Oklahoma, Louisiana and the Gulf of Mexico and can be categorized into two primary business activities:

- CRUDE OIL PIPELINE TRANSPORTATION. Our activities from pipeline operations generally consist of transporting third-party volumes of crude oil for a tariff, as well as merchant activities designed to capture location and quality price differentials. We own and operate several pipeline systems including:

  - a segment of the All American Pipeline that extends approximately 140 miles from Las Flores, California to Emidio, California. In March 2000, we sold the 1,089-mile segment of the All American Pipeline that extends from Emidio, California to McCamey, Texas. See "All American Pipeline Linefill Sale and Asset Disposition";
  - the San Joaquin Valley Gathering System in California;
  - the West Texas Gathering System, the Spraberry Pipeline System, and the East Texas Pipeline System, which are all located in Texas;
  - the Sabine Pass Pipeline System in southwest Louisiana and southeast Texas;
  - the Ferriday Pipeline System in eastern Louisiana and western Mississippi; and
  - the Illinois Basin Pipeline System in southern Illinois.

- TERMINALLING AND STORAGE ACTIVITIES AND GATHERING AND MARKETING ACTIVITIES We own and operate a state-of-the- art, 3.1 million barrel, above-ground crude oil terminalling and storage facility at Cushing, Oklahoma, the largest crude oil trading hub in the United States and the designated delivery point for New York Mercantile Exchange ("NYMEX") crude oil futures contracts. We also have an additional 6.6 million barrels of terminalling and storage capacity in our other facilities, including tankage associated with our pipeline and gathering systems. Our terminalling and storage operations generate revenue through a combination of storage and throughput fees. Our storage facilities also complement our merchant activities.

  We own or lease approximately 280 trucks, 325 tractor-trailers and 290 injection stations, which we use in our gathering and marketing activities. Our gathering and marketing operations include:

  - the purchase of crude oil at the wellhead and the bulk purchase of crude oil at pipeline and terminal facilities;
  - the transportation of crude oil on trucks, barges or pipelines; and
  - the subsequent resale or exchange of crude oil at various points along the crude oil distribution chain.

PARTNERSHIP STRUCTURE AND MANAGEMENT

Our operations are conducted through, and our operating assets are owned by, our subsidiaries. We own our interests in our subsidiaries through three operating partnerships, Plains Marketing, L.P., All American Pipeline, L.P. and Plains Scurlock Permian, L.P.

Our general partner has sole responsibility for conducting our business and managing our operations and owns all of the incentive distribution rights. Some of the senior executives who currently manage our business also manage and operate the business of Plains Resources. Our general partner does not receive any management fee or other compensation in connection with its management of our business, but it is reimbursed for all direct and indirect expenses incurred on our behalf.

The chart below depicts the organization and ownership of Plains All American Pipeline, the operating partnerships and the subsidiaries. As is reflected in the chart, a subsidiary of our general partner owns 6,904,795 common units and 10,029,619 subordinated units, representing a 19.7% and 28.6% interest in the partnership and our subsidiaries. In addition, our general partner owns 1,307,190 Class B common units representing a 3.7% interest in the partnership and our subsidiaries. The percentages reflected in the organization chart represent the approximate ownership interest in Plains All American Pipeline, the operating partnerships and their subsidiaries individually and not on a combined basis.

[CHART APPEARS HERE]

UNAUTHORIZED TRADING LOSSES

In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately $162.0 million ($174.0 million, including estimated associated costs and legal expenses). A full investigation into the unauthorized trading activities by outside legal counsel and independent accountants and consultants determined that the vast majority of the losses occurred from March through November 1999, and the impact warranted a restatement of previously reported financial information for 1999 and 1998 (see Note 3 in the Notes to the Consolidated and Combined Financial Statements appearing elsewhere in this report).

Normally, as we purchase crude oil, we establish a margin by selling crude oil for physical delivery to third-party users or by entering into a future delivery obligation with respect to futures contracts. The employee in question violated our policy of maintaining a position that is substantially balanced between crude oil purchases and sales or future delivery obligations. The unauthorized trading and associated losses resulted in a default of certain covenants under our credit facilities and significant short-term cash and letter of credit requirements. See Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources, Liquidity and Financial Condition."

In December 1999, we executed amended credit facilities and obtained default waivers from all of our lenders. The amended credit facilities:

- waived defaults under covenants contained in the existing credit facilities;
- increased availability under our letter of credit and borrowing facility from $175.0 million in November 1999 to $295.0 million in December 1999, $315.0 million in January 2000, and thereafter decreasing to $239.0 million in February through April 2000, to $225.0 million in May and June 2000 and to $200.0 million in July 2000 through July 2001;
- required the lenders' consent prior to the payment of distributions to unitholders;
- prohibited contango inventory transactions subsequent to January 20, 2000; and
- increased interest rates and fees under certain of the facilities.

We paid approximately $13.7 million to our lenders in connection with the amended credit facilities. This amount was capitalized as debt issue costs and will be amortized over the remaining term of the amended facilities. In connection with the amendments, our general partner loaned us approximately $114.0 million. This subordinated debt is due not later than November 30, 2005.

In the period immediately following the disclosure of the unauthorized trading losses, a significant number of our suppliers and trading partners reduced or eliminated the open credit previously extended to us. Consequently, the amount of letters of credit we needed to support the level of our crude oil purchases then in effect increased significantly. In addition, the cost to us of obtaining letters of credit increased under the amended credit facility. In many instances we arranged for letters of credit to secure our obligations to purchase crude oil from our customers, which increased our letter of credit costs and decreased our unit margins. In other instances, primarily involving lower margin wellhead and bulk purchases, certain of our purchase contracts were terminated. As a result of these changes, aggregate volumes purchased are expected to decrease by 150,000 barrels per day, consisting primarily of lower unit margin purchases. Approximately 50,000 barrels per day of the decrease is related to barrels gathered at producer lease locations and 100,000 barrels per day is attributable to bulk purchases. As a result of the increase in letter of credit costs and reduced volumes, annual EBITDA is expected to be adversely affected by approximately $5.0 million, excluding the positive impact of current favorable market conditions. EBITDA means earnings before interest expense, income taxes and depreciation and amortization.

We have taken appropriate and aggressive steps within our organization to enhance our processes and procedures to prevent future unauthorized trading. One of such steps includes the creation of a new professional risk management position. This risk manager has direct responsibility and authority for our trading controls and procedures and other aspects of corporate risk management. However, we can give no assurance that such steps will detect and prevent all violations of our trading policies and procedures, particularly if deception or other intentional misconduct is involved.

RESULTS OF OPERATIONS

For the year ended December 31, 1999, our gross margin deficit, EBITDA, cash flow from operations and net loss totaled ($56.1) million, $89.1 million, $67.2 million and ($103.4) million, respectively. Excluding the unauthorized trading losses, our gross margin and net income for the year ended December 31, 1999 would have been $110.3 million and $63.1 million, respectively. Cash flow from operations represents net income before noncash items. EBITDA and cash flow from operations both exclude the unauthorized trading losses, noncash compensation expense, restructuring expense, linefill gain

and extraordinary loss from extinguishment of debt. Excluding the unauthorized trading losses, our pipeline operations accounted for approximately 53% of our gross margin for year ended December 31, 1999, while our terminalling and storage activities and gathering and marketing activities accounted for approximately 47%.

ACQUISITIONS AND DISPOSITIONS

Scurlock Acquisition

On May 12, 1999, we completed the acquisition of Scurlock Permian LLC and certain other pipeline assets from Marathon Ashland Petroleum LLC. Including working capital adjustments and closing and financing costs, the cash purchase price was approximately $141.7 million.

Scurlock, previously a wholly-owned subsidiary of Marathon Ashland Petroleum, is engaged in crude oil transportation, gathering and marketing, and owns approximately 2,300 miles of active pipelines, numerous storage terminals and a fleet of more than 250 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 we acquired also included approximately one million barrels of crude oil linefill.

Financing for the Scurlock acquisition was provided through:

- borrowings of approximately $92.0 million under Plains Scurlock's limited recourse bank facility with BankBoston, N.A.;
- the sale to our general partner of 1.3 million of our Class B common units for a total cash consideration of $25.0 million, or $19.125 per unit, the price equal to the market value of our common units on May 12, 1999; and
- a $25.0 million draw under our existing revolving credit agreement.

The Class B common units are pari passu with common units with respect to quarterly distributions, and are convertible into common units upon approval of a majority of the common unitholders. The Class B unitholders may request that we call a meeting of common unitholders to consider approval of the conversion of Class B units into common units. If the approval of a conversion by the common unitholders is not obtained within 120 days of a request, each Class B unitholder will be entitled to receive distributions, on a per unit basis, equal to 110% of the amount of distributions paid on a common unit, with such distribution right increasing to 115% if such approval is not secured within 90 days after the end of the 120-day period. Except for the vote to approve the conversion, the Class B units have the same voting rights as the common units.

West Texas Gathering System Acquisition

On July 15, 1999, we completed the acquisition of the West Texas Gathering System from Chevron Pipe Line Company for approximately $36.0 million, including transaction costs. Financing for the amounts paid at closing was provided by a draw under the term loan portion of the Plains Scurlock credit facility. See Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations". The assets acquired include approximately 450 miles of crude oil transmission mainlines, approximately 400 miles of associated gathering and lateral lines, and approximately 2.9 million barrels of tankage located along the system.

All American Pipeline Linefill Sale and Asset Disposition

We initiated the sale of approximately 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. This sale was substantially completed in February 2000. The linefill was located in the segment of the All American Pipeline that extends from Emidio, California, to McCamey, Texas. Except for minor third party volumes, one of our subsidiaries has been the sole shipper on this segment of the pipeline since its predecessor acquired the line from the Goodyear Tire & Rubber Company in July 1998. Proceeds from the sale of the linefill were approximately $100.0 million, net of associated costs, and were used for working capital purposes. We estimate that we will recognize a total gain of approximately $44.0 million in connection with the sale of linefill. As of December 31, 1999, we had delivered approximately 1.8 million barrels of linefill and recognized a gain of $16.5 million.

On March 24, 2000, we complete the sale of the above referenced segment of the All American Pipeline to a unit of El Paso Energy Corporation for total proceeds of $129.0 million. The proceeds from the sale were used to reduce outstanding debt. Our net proceeds are expected to be approximately $124.0 million, net of associated transaction costs and estimated costs to remove certain equipment. We estimate that we will recognize a gain of approximately $20.0 million in connection

with the sale. During 1999, we reported gross margin of approximately $5.0 million from volumes transported on the segment of the line that was sold.

CRUDE OIL PIPELINE OPERATIONS

We present below a description of our principal pipeline assets. All of our pipeline systems are operated from one of two central control rooms with SCADA computer systems designed to continuously monitor real time operational data including measurement of crude oil quantities injected in and delivered through the pipelines, product flow rates and pressure and temperature variations. This monitoring and measurement technology provides us the ability to efficiently batch differing crude oil types with varying characteristics through the pipeline systems. The SCADA systems are designed to enhance leak detection capabilities, sound automatic alarms in the event of operational conditions outside of pre-established parameters and provide for remote-controlled shut-down of pump stations on the pipeline systems. Pump stations, storage facilities and meter measurement points along the pipeline systems are linked by telephone, microwave, satellite or radio communication systems for remote monitoring and control, which reduces our requirement for full time site personnel at most of these locations.

We perform scheduled maintenance on all of our pipeline systems and make repairs and replacements when necessary or appropriate. We attempt to control corrosion of the mainlines through the use of corrosion inhibiting chemicals injected into the crude stream, external coatings and anode bed based or impressed current cathodic protection systems. Maintenance facilities containing equipment for pipe repairs, spare parts and trained response personnel are strategically located along the pipelines and in concentrated operating areas. We believe that all of our pipelines have been constructed and are maintained in all material respects in accordance with applicable federal, state and local laws and regulations, standards prescribed by the American Petroleum Institute and accepted industry practice.

All American Pipeline

The segment of the All American Pipeline which was not sold to El Paso (see "- All American Pipeline Linefill Sale and Asset Disposition") is a common carrier crude oil pipeline system that transports crude oil produced from fields offshore California to locations in California pursuant to tariff rates regulated by the Federal Energy Regulatory Commission ("FERC") (see " - Regulation - Transportation Regulation"). As a common carrier, the All American Pipeline offers transportation services to any shipper of crude oil, provided that the crude oil tendered for transportation satisfies the conditions and specifications contained in the applicable tariff. The All American Pipeline transports crude oil for third parties as well as for us.

We currently operate the segment of the system that extends approximately 10 miles from Exxon's onshore facilities at Las Flores on the California coast to Plains Resources' onshore facilities at Gaviota, California (24 inch diameter pipe) and continues from Gaviota approximately 130 miles to our station in Emidio, California (30-inch pipe). Between Gaviota and our Emidio Station, the All American Pipeline interconnects with our SJV Gathering System as well as various third party intrastate pipelines, including the Unocap Pipeline System, Pacific Pipeline, and a pipeline owned by EOTT Energy Partners, L.P.

System Supply. The All American Pipeline currently transports Outer Continental Shelf crude oil received at the onshore facilities of the Santa Ynez field at Las Flores, California and the onshore facilities of the Point Arguello field located at Gaviota, California.

Effective December 1, 1999, the segment of the All American Pipeline that was sold to El Paso ceased being used for crude oil transportation. Exxon, which owns all of the Santa Ynez production, and Plains Resources, Texaco and Sun Operating L.P., which together own approximately one-half of the Point Arguello production, have entered into transportation agreements committing to transport all of their production from these fields on the segment of the All American Pipeline which we retained. These agreements, which expire in August 2007, provide for a minimum tariff with annual escalations. At December 31, 1999, the tariffs averaged $1.41 per barrel for deliveries to connecting pipelines in California. The agreements do not require these owners to transport a minimum volume. The producers from the Point Arguello field who do not have contracts with us have no other means of transporting their production and, therefore, ship their volumes on the All American Pipeline at the posted tariffs. For the year ended December 31, 1999, approximately $30.6 million, or 17%, of our gross margin was attributable to the Santa Ynez field and approximately $10.6 million, or 6% was attributable to the Point Arguello field. Transportation of volumes from the Point Arguello field on the All American Pipeline commenced in 1991 and from the Santa Ynez field in 1994.

The table below sets forth the historical volumes received from both of these fields.

	Year Ended December 31,								
	1999	1998	1997	1996	1995	1994	1993	1992	1991
	(barrels in thousands)								
Average daily volumes received from:									
Point Arguello (at Gaviota)	20	26	30	41	60	73	63	47	29
Santa Ynez (at Las Flores)	59	68	85	95	92	34	-	-	-
Total	79	94	115	136	152	107	63	47	29

In July 1999, a wholly-owned subsidiary of Plains Resources acquired Chevron USA's 26% working interest in Point Arguello and is the operator of record for the Point Arguello Unit. All of the volumes attributable to Plains Resources' interests are committed for transportation on the All American Pipeline and are subject to our Marketing Agreement with Plains Resources. Plains Resources believes that opportunities may exist to minimize production decline and, barring operational or economic disruptions, to offset production decline or increase production. We anticipate that average daily production received from the Santa Ynez field for 2000 will generally approximate 55,000 to 60,000 barrels, although we can provide no assurance in that regard.

According to information published by the Minerals Management Service ("MMS"), significant additional proved, undeveloped reserves have been identified offshore California which have the potential to be delivered on the All American Pipeline. Future volumes of crude oil deliveries on the All American Pipeline will depend on a number of factors that are beyond our control, including

- the economic feasibility of developing the reserves;
- the economic feasibility of connecting such reserves to the All American Pipeline; and
- the ability of the owners of such reserves to obtain the necessary governmental approvals to develop such reserves.

The owners of these reserves have filed development plans with the MMS. On August 13, 1999, the MMS cancelled 4 of the 40 undeveloped leases offshore California concluding they did not qualify for further lease suspensions. At the same time, they directed 90-day extensions to the suspensions for the remaining 36 leases to gather additional information. On November 12, 1999, the Secretary of the Interior directed suspensions for the 36 leases ending at various periods between June 1, 2001 and August 1, 2003 for the purpose of (1) completion of an environmental review including cumulative analysis taking into account changed circumstances, (2) obtaining detailed plans of lessee's additional exploration and development activities, and (3) the maximum review of these plans allowed under law. Immediately thereafter, the State of California filed suit claiming that the California Coastal Commission must review requests for suspension consistency under California's Coastal Plan before the MMS can approve suspensions. We cannot assure you that the owners will develop such reserves, that the MMS will approve development plans or that future regulations or litigation will not prevent or delay their ultimate development and production. We also cannot assure you that, if such reserves were developed, a competing pipeline will not be built to transport the production. In addition, a June 12, 1998 Executive Order of the President of the United States extends until the year 2012 a statutory moratorium on new leasing of offshore California fields. Existing fields are authorized to continue production, but federal, state and local agencies may restrict permits and authorizations for their development, and may restrict new onshore facilities designed to serve offshore production of crude oil. San Luis Obispo and Santa Barbara counties have adopted zoning ordinances that prohibit development, construction, installation or expansion of any onshore support facility for offshore oil and gas activity in the area, unless approved by a majority of the votes cast by the voters of the affected county in an authorized election. Any such restrictions, should they be imposed, could adversely affect the future delivery of crude oil to the All American Pipeline.

San Joaquin Valley Supply. The San Joaquin Valley is one of the most prolific oil producing regions in the continental United States, producing approximately 559,000 barrels per day of crude oil during the first nine months of 1999 that accounted for approximately 67% of total California production and 11% of the total production in the lower 48 states.

The following table reflects the historical production for the San Joaquin Valley as well as total California production (excluding OCS volumes) as reported by the California Division of Oil and Gas.

	Year Ended December 31,									
	1999/(1)/	1998	1997	1996	1995	1994	1993	1992	1991	1990
	(barrels in thousands)									
Average daily volumes:										
San Joaquin Valley production (2)	559	592	584	579	569	578	588	609	634	629
Total California production (excluding OCS volumes)	731	781	781	772	764	784	803	835	875	879

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(1) Reflects information through September 1999.
(2) Consists of production from California Division of Oil and Gas District IV.

System Demand. Deliveries from the All American Pipeline are made to California refineries through connections with third-party pipelines at Sisquoc, Pentland and Emidio. Deliveries at Mojave were discontinued in the second quarter of 1999, and volumes previously delivered to Mojave are delivered to Emidio. Except for the purging of linefill volumes, deliveries to Texas were discontinued effective December 1, 1999.

	Year Ended December 31,				
	1999	1998	1997	1996	1995
	(barrels in thousands)				
Average daily volumes delivered to:					
California					
Sisquoc	27	24	21	17	11
Pentland	52	69	74	71	65
Mojave	7	22	32	6	-
Emidio	15	-	-	-	-
Total California	101	115	127	94	76
Texas (1)	56	59	68	113	141
Total	157	174	195	207	217

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(1) See "Acquisitions and Dispositions - All American Pipeline Linefill and Asset Disposition".

SJV Gathering System

The SJV Gathering System is a proprietary pipeline system. As a proprietary pipeline, the SJV Gathering System is not subject to common carrier regulations.

The SJV Gathering System was constructed in 1987 with a design capacity of approximately 140,000 barrels per day. The system consists of a 16-inch pipeline that originates at the Belridge station and extends 45 miles south to a connection with the All American Pipeline at the Pentland station. The SJV Gathering System is connected to several fields, including the South Belridge, Elk Hills and Midway Sunset fields, three of the seven largest producing fields in the lower 48 states. In 1999, we leased a pipeline that provides us access to the Lost Hills field. The SJV Gathering System also includes approximately 586,000 barrels of tank capacity, which can be used to facilitate movements along the system as well as to support our other activities.

The SJV Gathering System is supplied with the crude oil production primarily from major oil companies' equity production from the South Belridge, Cymeric, Midway Sunset, Elk Hills and Lost Hills fields. The table below sets forth the historical volumes received into the SJV Gathering System.

	YEARS ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
	(BARRELS IN THOUSANDS)				
Total average daily volumes	84	85	91	67	50

West Texas Gathering System

We purchased the West Texas Gathering System from Chevron Pipe Line Company in July 1999 for approximately $36.0 million, including transaction costs. The West Texas Gathering System is a common carrier crude oil pipeline system located in the heart of the Permian Basin producing area. The West Texas Gathering System has lease gathering facilities in Crane, Ector, Upton, Ward and Winkler counties. In aggregate, these counties have produced on average in excess of 150,000 barrels per day of crude oil over the last four years. The West Texas Gathering System was originally built by Gulf Oil Corporation in the late 1920's, expanded during the late 1950's and updated during the mid 1990's. The West Texas Gathering System provides us with considerable flexibility, as major segments are bi-directional and allow us to move crude oil between three of the major trading locations in West Texas.

Lease volumes gathered into the system are approximately 50,000 barrels per day. Chevron USA has agreed to transport its equity crude oil production from fields connected to the West Texas Gathering System on the system through July 2011 (currently representing approximately 22,000 barrels per day, or 44% of total system gathering volumes and 22% of the total system volumes). Other large producers connected to the gathering system include Burlington, Devon, Anadarko, Altura, Bass, and Fina. Volumes from connecting carriers, including Exxon, Phillips and Unocal, average approximately 42,000 barrels per day. Our West Texas Gathering System has the capability to transport approximately 190,000 barrels per day. At the time of the acquistion, truck injection stations were limited and provided less than 1,000 barrels per day. We have installed ten truck injection stations on the West Texas Gathering System since the acquisition. Our trucks are used to pick up crude oil produced in the areas adjacent to the West Texas Gathering System and deliver these volumes into the pipeline. These additional injection stations allowed us to reduce the distance of our truck hauls in this area, increase the utilization of our pipeline assets and reduce our operating costs. Volumes received from truck injection stations were increased to 10,000 barrels per day by the fourth quarter of 1999. The West Texas Gathering System also includes approximately 2.9 million barrels of tank capacity located along the pipeline system.

Spraberry Pipeline System

The Spraberry Pipeline System, acquired in the Scurlock acquisition, is a proprietary pipeline system that gathers crude oil from the Spraberry Trend of West Texas and transports it to Midland, Texas, where it interconnects with the West Texas Gathering System and other pipelines. The Spraberry Pipeline System consists of approximately 800 miles of pipe of varying diameter, and has a throughput capacity of approximately 50,000 barrels of crude oil per day. The Spraberry Trend is one of the largest producing areas in West Texas, and we are one of the largest gatherers in the Spraberry Trend. The Spraberry Pipeline System gathers approximately 34,000 barrels per day of crude oil. Large suppliers to the Spraberry Pipeline System include Lantern Petroleum and Pioneer Natural Resources. The Spraberry Pipeline System also includes approximately 173,000 barrels of tank capacity located along the pipeline.

Sabine Pass Pipeline System

The Sabine Pass Pipeline System, acquired in the Scurlock acquisition, is a common carrier crude oil pipeline system. The primary purpose of the Sabine Pass Pipeline System is to gather crude oil from onshore facilities of offshore production near Johnson's Bayou, Louisiana, and deliver it to tankage and barge loading facilities in Sabine Pass, Texas. The Sabine Pass Pipeline System consists of approximately 34 miles of pipe ranging from 4 to 6 inches in diameter and has a throughput capacity of approximately 26,000 barrels of Louisiana light sweet crude oil per day. For the year ended December 31, 1999, the system transported approximately 16,500 barrels of crude oil per day. The Sabine Pass Pipeline System also includes 245,000 barrels of tank capacity located along the pipeline.

Ferriday Pipeline System

The Ferriday Pipeline System, acquired in the Scurlock acquisition, is a common carrier crude oil pipeline system which is located in East Louisiana and West Mississippi. The Ferriday Pipeline System consists of approximately 600 miles of pipe ranging from 2 inches to 12 inches in diameter. The Ferriday Pipeline System delivers 9,000 barrels per day of crude oil to third-party pipelines that supply refiners in the Midwest. The Ferriday Pipeline System also includes approximately 348,000 barrels of tank capacity located along the pipeline.

In November 1999, we completed the construction of an 8-inch pipeline underneath the Mississippi River that connects our Ferriday Pipeline System in West Mississippi with the portion of the system located in East Louisiana. This connection provides us with bi-directional capability to access additional markets and enhances our ability to service our pipeline customers and take advantage of additional high margin merchant activities.

East Texas Pipeline System

The East Texas Pipeline System, acquired in the Scurlock acquisition, is a proprietary crude oil pipeline system that is used to gather approximately 10,000 barrels per day of crude oil in East Texas and transport approximately 22,000 barrels per day of crude oil to Crown Central's refinery in Longview, Texas. The deliveries to Crown Central are subject to a five-year throughput and deficiency agreement, which extends through 2004. The East Texas Pipeline System also includes approximately 221,000 barrels of tank capacity located along the pipeline.

Illinois Basin Pipeline System

The Illinois Basin Pipeline System, acquired with the Scurlock acquisition, consists of common carrier pipeline and gathering systems and truck injection facilities in southern Illinois. The Illinois Basin Pipeline System consists of approximately 170 miles of pipe of varying diameter and delivers approximately 6,400 barrels per day of crude oil to third-party pipelines that supply refiners in the Midwest. Approximately 3,600 barrels per day of the supply on this system are from fields operated by Plains Resources.

TERMINALLING AND STORAGE ACTIVITIES AND GATHERING AND MARKETING ACTIVITIES

Terminalling and Storage Activities

We own approximately 9.7 million barrels of terminalling and storage assets, including tankage associated with our pipeline and gathering systems. Our terminalling and storage operations generate revenue through terminalling and storage fees paid by third parties as well as by utilizing the tankage in conjunction with our merchant activities. Storage fees are generated when we lease tank capacity to third parties. Terminalling fees, also referred to as throughput fees, are generated when we receive crude oil from one connecting pipeline and redeliver such crude oil to another connecting carrier in volumes that allow the refinery to receive its crude oil on a ratable basis throughout a delivery period. Both terminalling and storage fees are generally earned from:

- refiners and gatherers that segregate or custom blend crudes for refining feedstocks;
- pipeline operators, refiners or traders that need segregated tankage for foreign cargoes;
- traders who make or take delivery under NYMEX contracts; and
- producers and resellers that seek to increase their marketing alternatives.

The tankage that is used to support our arbitrage activities positions us to capture margins in a contango market or when the market switches from contango to backwardation.

Our most significant terminalling and storage asset is our Cushing Terminal which was constructed in 1993, and expanded by approximately 50% in 1999, to capitalize on the crude oil supply and demand imbalance in the Midwest. The imbalance was caused by the continued decline of regional production supplies, increasing imports and an inadequate pipeline and terminal infrastructure. The Cushing Terminal is also used to support and enhance the margins associated with our merchant activities relating to our lease gathering and bulk trading activities.

The Cushing Terminal has total storage capacity of approximately 3.1 million barrels. The Cushing Terminal is comprised of fourteen 100,000 barrel tanks, four 150,000 barrel tanks and four 270,000 barrel tanks which are used to store and terminal crude oil. The Cushing Terminal also includes a pipeline manifold and pumping system that has an estimated daily throughput capacity of approximately 800,000 barrels per day. The pipeline manifold and pumping system is designed to support more than ten million barrels of tank capacity. The Cushing Terminal is connected to the major pipelines and terminals in the Cushing Interchange through pipelines that range in size from 10 inches to 24 inches in diameter.

The Cushing Terminal is a state-of-the-art facility designed to serve the needs of refiners in the Midwest. In order to service an expected increase in the volumes as well as the varieties of foreign and domestic crude oil projected to be transported through the Cushing Interchange, we incorporated certain attributes into the design of the Cushing Terminal including:

- multiple, smaller tanks to facilitate simultaneous handling of multiple crude varieties in accordance with normal pipeline batch sizes;
- dual header systems connecting most tanks to the main manifold system to facilitate efficient switching between crude grades with minimal contamination;

- bottom drawn sumps that enable each tank to be efficiently drained down to minimal remaining volumes to minimize crude contamination and maintain crude integrity during changes of service;
- mixer(s) on each tank to facilitate blending crude grades to refinery specifications; and
- a manifold and pump system that allows for receipts and deliveries with connecting carriers at their maximum operating capacity.

As a result of incorporating these attributes into the design of the Cushing Terminal, we believe we are favorably positioned to serve the needs of Midwest refiners to handle an increase in varieties of crude transported through the Cushing Interchange.

The Cushing Terminal also incorporates numerous environmental and operational safeguards. We believe that our terminal is the only one at the Cushing Interchange in which each tank has a secondary liner (the equivalent of double bottoms), leak detection devices and secondary seals. The Cushing Terminal is the only terminal at the Cushing Interchange equipped with aboveground pipelines. Like the pipeline systems we operate, the Cushing Terminal is operated by a SCADA system and each tank is cathodically protected. In addition, each tank is equipped with an audible and visual high level alarm system to prevent overflows; a double seal floating roof that minimizes air emissions and prevents the possible accumulation of potentially flammable gases between fluid levels and the roof of the tank; and a foam dispersal system that, in the event of a fire, is fed by a fully-automated fire water distribution network.

The Cushing Interchange is the largest wet barrel trading hub in the U.S. and the delivery point for crude oil futures contracts traded on the NYMEX. The Cushing Terminal has been designated by the NYMEX as an approved delivery location for crude oil delivered under the NYMEX light sweet crude oil futures contract. As the NYMEX delivery point and a cash market hub, the Cushing Interchange serves as a primary source of refinery feedstock for the Midwest refiners and plays an integral role in establishing and maintaining markets for many varieties of foreign and domestic crude oil.

The following table sets forth throughput volumes for our terminalling and storage operations, and quantity of tankage leased to third parties from 1995 through 1999.

	YEAR ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
	(BARRELS IN THOUSANDS)				
Throughput volumes (average daily volumes):					
Cushing Terminal	72	69	69	56	43
Ingleside Terminal	11	11	8	3	-
Total	83	80	77	59	43
Storage leased to third parties (monthly average volumes):					
Cushing Terminal	1,743	890	414	203	208
Ingleside Terminal	232	260	254	211	-
Total	1,975	1,150	668	414	208

Gathering and Marketing Activities

Our gathering and marketing activities are conducted in 23 states; however, the vast majority of those activities are in Texas, Louisiana, California, Illinois and the Gulf of Mexico. These activities include:

- purchasing crude oil from producers at the wellhead and in bulk from aggregators at major pipeline interconnects and trading locations;
- transporting this crude oil on our own proprietary gathering assets or assets owned and operated by third parties when necessary or cost effective;
- exchanging this crude oil for another grade of crude oil or at a different geographic location, as appropriate, in order to maximize margins or meet contract delivery requirements; and
- marketing crude oil to refiners or other resellers.

We purchase crude oil from many independent producers and believe that we have established broad-based relationships with crude oil producers in our areas of operations. For the year ended December 31, 1999, we purchased approximately 265,000 barrels per day of crude oil directly at the wellhead from more than 2,200 producers from approximately 10,700 leases. We purchase crude oil from producers under contracts that range in term from a thirty-day evergreen to three years.

Gathering and marketing activities are characterized by large volumes of transactions with lower margins relative to pipeline and terminalling and storage operations.

In the period immediately following the disclosure of the unauthorized trading losses, a significant number of our suppliers and trading partners reduced or eliminated the amount of open credit previously extended to us. Consequently, the amount of letters of credit we needed to support the level of crude oil purchases then in effect increased significantly. In many instances we arranged for letters of credit to secure our obligations to purchase crude oil from our customers. In other instances, certain of our purchase contracts were terminated. As a result of these changes, aggregate volumes purchased are expected to decrease by 150,000 barrels per day, consisting primarily of lower unit margin purchases. Approximately 50,000 barrels per day of the decrease is related to barrels gathered at producer lease locations and 100,000 barrels per day is attributable to bulk purchases. See "Unauthorized Trading Losses" and Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources, Liquidity and Financial Condition".

The following table shows the average daily volume of our lease gathering and bulk purchases from 1995 through 1999.

	Year Ended December 31,				
	1999(1)	1998	1997	1996	1995
	(barrels in thousands)				
Lease gathering (1)	265	88	71	59	46
Bulk purchases	138	98	49	32	10
Total volumes	403	186	120	91	56

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(1) Includes volumes from Scurlock Permian since May 1, 1999.

Crude Oil Purchases. In a typical producer's operation, crude oil flows from the wellhead to a separator where the petroleum gases are removed. After separation, the crude oil is treated to remove water, sand and other contaminants and is then moved into the producer's on-site storage tanks. When the tank is full, the producer contacts our field personnel to purchase and transport the crude oil to market. We utilize our truck fleet and gathering pipelines and third-party pipelines, trucks and barges to transport the crude oil to market. We own or lease approximately 280 trucks, 325 tractor-trailers and 290 injection stations.

We have a Marketing Agreement with Plains Resources Inc., under which we are the exclusive marketer/purchaser for all of Plains Resources' equity crude oil production. The Marketing Agreement provides that we will purchase for resale at market prices all of Plains Resources' equity crude oil production for which we charge a fee of $0.20 per barrel. This fee will be adjusted every three years based upon then existing market conditions. The Marketing Agreement will terminate upon a "change of control" of Plains Resources or our general partner.

Bulk Purchases. In addition to purchasing crude oil at the wellhead from producers, we purchase crude oil in bulk at major pipeline terminal points. This production is transported from the wellhead to the pipeline by major oil companies, large independent producers or other gathering and marketing companies. We purchase crude oil in bulk when we believe additional opportunities exist to realize margins further downstream in the crude oil distribution chain. The opportunities to earn additional margins vary over time with changing market conditions. Accordingly, the margins associated with our bulk purchases will fluctuate from period to period. Our bulk purchasing activities are concentrated in California, Texas, Louisiana and at the Cushing Interchange.

Crude Oil Sales. The marketing of crude oil is complex and requires detailed current knowledge of crude oil sources and end markets and a familiarity with a number of factors including grades of crude oil, individual refinery demand for specific grades of crude oil, area market price structures for the different grades of crude oil, location of customers, availability of transportation facilities and timing and costs (including storage) involved in delivering crude oil to the appropriate customer. We sell our crude oil to major integrated oil companies, independent refiners and other resellers in various types of sale and exchange transactions, at market prices for terms ranging from one month to three years.

As we purchase crude oil, we establish a margin by selling crude oil for physical delivery to third party users, such as independent refiners or major oil companies, or by entering into a future delivery obligation with respect to futures contracts on the NYMEX. Through these transactions, we seek to maintain a position that is substantially balanced between crude oil purchases and sales and future delivery obligations. We from time to time enter into fixed price delivery contracts, floating price collar arrangements, financial swaps and crude oil futures contracts as hedging devices. Our policy is generally to purchase only crude oil for which we have a market and to structure our sales contracts so that crude oil price fluctuations do

not materially affect the gross margin which we receive. We do not acquire and hold crude oil, futures contracts or other derivative products for the purpose of speculating on crude oil price changes that might expose us to indeterminable losses. In November 1999, we discovered that this policy was violated, and we incurred $174.0 million in unauthorized trading losses, including estimated associated costs and legal expenses. See "Unauthorized Trading Losses".

Risk management strategies, including those involving price hedges using NYMEX futures contracts, have become increasingly important in creating and maintaining margins. Such hedging techniques require significant resources dedicated to managing futures positions. We are able to monitor crude oil volumes, grades, locations and delivery schedules and to coordinate marketing and exchange opportunities, as well as NYMEX hedging positions. This coordination ensures that our NYMEX hedging activities are successfully implemented. We have recently hired a Risk Manager that has direct responsibility and authority for our risk policies and our trading controls and procedures and other aspects of corporate risk management.

Crude Oil Exchanges. We pursue exchange opportunities to enhance margins throughout the gathering and marketing process. When opportunities arise to increase our margin or to acquire a grade of crude oil that more nearly matches our delivery requirement or the preferences of our refinery customers, we exchange physical crude oil with third parties. These exchanges are effected through contracts called exchange or buy-sell agreements. Through an exchange agreement, we agree to buy crude oil that differs in terms of geographic location, grade of crude oil or delivery schedule from crude oil we have available for sale. Generally, we enter into exchanges to acquire crude oil at locations that are closer to our end markets, thereby reducing transportation costs and increasing our margin. We also exchange our crude oil to be delivered at an earlier or later date, if the exchange is expected to result in a higher margin net of storage costs, and enter into exchanges based on the grade of crude oil, which includes such factors as sulfur content and specific gravity, in order to meet the quality specifications of our delivery contracts.

Producer Services. Crude oil purchasers who buy from producers compete on the basis of competitive prices and highly responsive services. Through our team of crude oil purchasing representatives, we maintain ongoing relationships with more than 2,200 producers. We believe that our ability to offer high-quality field and administrative services to producers is a key factor in our ability to maintain volumes of purchased crude oil and to obtain new volumes. High-quality field services include efficient gathering capabilities, availability of trucks, willingness to construct gathering pipelines where economically justified, timely pickup of crude oil from tank batteries at the lease or production point, accurate measurement of crude oil volumes received, avoidance of spills and effective management of pipeline deliveries. Accounting and other administrative services include securing division orders (statements from interest owners affirming the division of ownership in crude oil purchased by us), providing statements of the crude oil purchased each month, disbursing production proceeds to interest owners and calculation and payment of ad valorem and production taxes on behalf of interest owners. In order to compete effectively, we must maintain records of title and division order interests in an accurate and timely manner for purposes of making prompt and correct payment of crude oil production proceeds, together with the correct payment of all severance and production taxes associated with such proceeds.

Credit. Our merchant activities involve the purchase of crude oil for resale and require significant extensions of credit by our suppliers of crude oil. In order to assure our ability to perform our obligations under crude oil purchase agreements, various credit arrangements are negotiated with our crude oil suppliers. Such arrangements include open lines of credit directly with us and standby letters of credit issued under our letter of credit facility. Due to the unauthorized trading losses, the amount of letters of credit that we are required to provide to secure our crude oil purchases has increased. See Item 7. - - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources, Liquidity and Financial Condition - Unauthorized Trading Losses".

When we market crude oil, we must determine the amount, if any, of the line of credit to be extended to any given customer. If we determine that a customer should receive a credit line, we must then decide on the amount of credit that should be extended. Since our typical sales transactions can involve tens of thousands of barrels of crude oil, the risk of nonpayment and nonperformance by customers is a major consideration in our business. We believe our sales are made to creditworthy entities or entities with adequate credit support.

Credit review and analysis are also integral to our leasehold purchases. Payment for all or substantially all of the monthly leasehold production is sometimes made to the operator of the lease. The operator, in turn, is responsible for the correct payment and distribution of such production proceeds to the proper parties. In these situations, we must determine whether the operator has sufficient financial resources to make such payments and distributions and to indemnify and defend us in the event any third party should bring a protest, action or complaint in connection with the ultimate distribution of production proceeds by the operator.

OPERATING ACTIVITIES

See Note 17 in the Notes to the Consolidated and Combined Financial Statements appearing elsewhere in this report for information with respect to our pipeline activities and terminalling and storage and gathering and marketing activities and also those of our predecessor.

CUSTOMERS

Sempra Energy Trading Corporation and Koch Oil Company accounted for 22% and 19%, respectively, of our combined 1999 revenues. No other individual customer accounted for greater than 10% of our revenues in 1999. We believe that the loss of an individual customer would not have a material adverse effect.

COMPETITION

Competition among pipelines is based primarily on transportation charges, access to producing areas and demand for the crude oil by end users. We believe that high capital requirements, environmental considerations and the difficulty in acquiring rights of way and related permits make it unlikely that competing pipeline systems comparable in size and scope to our pipeline systems will be built in the foreseeable future.

We face intense competition in our terminalling and storage activities and gathering and marketing activities. Our competitors include other crude oil pipelines, the major integrated oil companies, their marketing affiliates and independent gatherers, brokers and marketers of widely varying sizes, financial resources and experience. Some of these competitors have capital resources many times greater than ours and control substantially greater supplies of crude oil.

REGULATION

Our operations are subject to extensive regulation. Many departments and agencies, both federal and state, are authorized by statute to issue and have issued rules and regulations binding on the oil industry and its individual participants. The failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil industry increases our cost of doing business and, consequently, affects our profitability. However, we do not believe that we are affected in a significantly different manner by these regulations than are our competitors. Due to the myriad of complex federal and state statutes and regulations which may affect us, directly or indirectly, you should not rely on the following discussion of certain statutes and regulations as an exhaustive review of all regulatory considerations affecting our operations.

Pipeline Regulation

Our pipelines are subject to regulation by the Department of Transportation under the Hazardous Liquids Pipeline Safety Act of 1979, as amended ("HLPSA") relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. The HLPSA requires us and other pipeline operators to comply with regulations issued pursuant to HLPSA, to permit access to and allow copying of records and to make certain reports and provide information as required by the Secretary of Transportation.

The Pipeline Safety Act of 1992 amends the HLPSA in several important respects. It requires the Research and Special Programs Administration of the Department of Transportation to consider environmental impacts, as well as its traditional public safety mandate, when developing pipeline safety regulations. In addition, the Pipeline Safety Act mandates the establishment by the Department of Transportation of pipeline operator qualification rules requiring minimum training requirements for operators, and requires that pipeline operators provide maps and records to the Research and Special Programs Administration. It also authorizes the Research and Special Programs Administration to require that pipelines be modified to accommodate internal inspection devices, to mandate the installation of emergency flow restricting devices for pipelines in populated or sensitive areas and to order other changes to the operation and maintenance of petroleum pipelines. We believe that our pipeline operations are in substantial compliance with applicable HLPSA and Pipeline Safety Act requirements. Nevertheless, we could incur significant expenses in the future if additional safety measures are required or if safety standards are raised and exceed the current pipeline control system capabilities.

States are largely preempted by federal law from regulating pipeline safety but may assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. In practice, states vary considerably in their authority and capacity to address pipeline safety. We do not anticipate any significant problems in complying with applicable state laws and regulations in those states in which we operate.

Transportation Regulation

General Interstate Regulation. Our interstate common carrier pipeline operations are subject to rate regulation by the FERC under the Interstate Commerce Act. The Interstate Commerce Act requires that tariff rates for petroleum pipelines, which includes crude oil, as well as refined product and petrochemical pipelines, be just and reasonable and non-discriminatory. The Interstate Commerce Act permits challenges to proposed new or changed rates by protest, and challenges to rates that are already final and in effect by complaint. Upon the appropriate showing, a successful complainant may obtain reparations for overcharges sustained for a period of up to two years prior to the filing of a complaint.

The FERC is authorized to suspend the effectiveness of a new or changed tariff rate for a period of up to seven months and to investigate the rate. If upon the completion of an investigation the FERC finds that the rate is unlawful, it may require the pipeline operator to refund to shippers, with interest, any difference between the rates the FERC determines to be lawful and the rates under investigation. In addition, the FERC will order the pipeline to change its rates prospectively to the lawful level.

In general, petroleum pipeline rates must be cost-based, although settlement rates, which are rates that have been agreed to by all shippers, are permitted, and market-based rates may be permitted in certain circumstances. Under a cost-of-service basis, rates are permitted to generate operating revenues, on the basis of projected volumes, not greater than the total of the following:

- operating expenses;
- depreciation and amortization;
- federal and state income taxes; and
- an overall allowed rate of return on the pipeline's "rate base."

Energy Policy Act of 1992 and Subsequent Developments. In October 1992 Congress passed the Energy Policy Act of 1992. The Energy Policy Act deemed petroleum pipeline rates in effect for the 365-day period ending on the date of enactment of the Energy Policy Act or that were in effect on the 365th day preceding enactment and had not been subject to complaint, protest or investigation during the 365-day period to be just and reasonable under the Interstate Commerce Act. The Energy Policy Act also provides that complaints against such rates may only be filed under the following limited circumstances:

- a substantial change has occurred since enactment in either the economic circumstances or the nature of the services which were a basis for the rate;
- the complainant was contractually barred from challenging the rate prior to enactment; or
- a provision of the tariff is unduly discriminatory or preferential.

The Energy Policy Act further required the FERC to issue rules establishing a simplified and generally applicable ratemaking methodology for petroleum pipelines, and to streamline procedures in petroleum pipeline proceedings. On October 22, 1993, the FERC responded to the Energy Policy Act directive by issuing Order No. 561, which adopts a new indexing rate methodology for petroleum pipelines. Under the new regulations, which were effective January 1, 1995, petroleum pipelines are able to change their rates within prescribed ceiling levels that are tied to the Producer Price Index for Finished Goods, minus one percent. Rate increases made pursuant to the index will be subject to protest, but such protests must show that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs. The new indexing methodology can be applied to any existing rate, even if the rate is under investigation. If such rate is subsequently adjusted, the ceiling level established under the index must be likewise adjusted.

In Order No. 561, the FERC said that as a general rule pipelines must utilize the indexing methodology to change their rates. The FERC indicated, however, that it was retaining cost-of-service ratemaking, market-based rates, and settlements as alternatives to the indexing approach. A pipeline can follow a cost-of-service approach when seeking to increase its rates above index levels for uncontrollable circumstances. A pipeline can seek to charge market- based rates if it can establish that it lacks market power. In addition, a pipeline can establish rates pursuant to settlement if agreed upon by all current shippers. Initial rates for new services can be established through a cost-of-service proceeding or through an uncontested agreement between the pipeline and all of its shippers, including at least one shipper not affiliated with the pipeline.

On May 10, 1996, the Court of Appeals for the District of Columbia Circuit affirmed Order No. 561. The Court held that by establishing a general indexing methodology along with limited exceptions to indexed rates, FERC had reasonably balanced its dual responsibilities of ensuring just and reasonable rates and streamlining ratemaking through generally

applicable procedures. The FERC indicated in Order No. 561 that it will assess in 2000 how the rate-indexing method is operating.

In a proceeding involving Lakehead Pipe Line Company, Limited Partnership (Opinion No. 397), FERC concluded that there should not be a corporate income tax allowance built into a petroleum pipeline's rates to reflect income attributable to noncorporate partners since noncorporate partners, unlike corporate partners, do not pay a corporate income tax. This result comports with the principle that, although a regulated entity is entitled to an allowance to cover its incurred costs, including income taxes, there should not be an element included in the cost of service to cover costs not incurred. Opinion No. 397 was affirmed on rehearing in May 1996. Appeals of the Lakehead opinions were taken, but the parties to the Lakehead proceeding subsequently settled the case, with the result that appellate review of the tax and other issues never took place.

A proceeding is also pending on rehearing at the FERC involving another publicly traded limited partnership engaged in the common carrier transportation of crude oil (the "Santa Fe Proceeding") in which the FERC could further limit its current position related to the tax allowance permitted in the rates of publicly traded partnerships, as well as possibly alter the FERC's current application of the FERC oil pipeline ratemaking methodology. On January 13, 1999, the FERC issued Opinion No. 435 in the Santa Fe Proceeding, which, among other things, affirmed Opinion No. 397's determination that there should not be a corporate income tax allowance built into a petroleum pipeline's rates to reflect income attributable to noncorporate partners. Requests for rehearing of Opinion No. 435 are pending before the FERC. Petitions for review of Opinion No. 435 are before the D.C. Circuit Court of Appeals, but are being held in abeyance pending FERC action on the rehearing requests. Once the FERC acts on rehearing, the FERC's position on the income tax allowance and on other rate issues could be subject to judicial review.

Our Pipelines. The FERC generally has not investigated rates, such as those currently charged by us, which have been mutually agreed to by the pipeline and the shippers or which are significantly below cost of service rates that might otherwise be justified by the pipeline under the FERC's cost-based ratemaking methods. Substantially all of our gross margins on transportation are produced by rates that are either grandfathered or set by agreement of the parties. These rates have not been decreased through application of the indexing method. Rates for OCS crude are set by transportation agreements with shippers that do not expire until 2007 and provide for a minimum tariff with annual escalation. The FERC has twice approved the agreed OCS rates, although application of the PPFIG-1 index method would have required their reduction. When these OCS agreements expire in 2007, they will be subject to renegotiation or to any of the other methods for establishing rates under Order No. 561. As a result, we believe that the rates now in effect can be sustained, although no assurance can be given that the rates currently charged would ultimately be upheld if challenged. In addition, we do not believe that an adverse determination on the tax allowance issue in the Santa Fe Proceeding would have a detrimental impact upon our current rates.

Trucking Regulation

We operate a fleet of trucks to transport crude oil and oilfield materials as a private, contract and common carrier. We are licensed to perform both intrastate and interstate motor carrier services. As a motor carrier, we are subject to certain safety regulations issued by the Department of Transportation. The trucking regulations cover, among other things, driver operations, keeping of log books, truck manifest preparations, the placement of safety placards on the trucks and trailer vehicles, drug and alcohol testing, safety of operation and equipment, and many other aspects of truck operations. We are also subject to OSHA with respect to our trucking operations.

ENVIRONMENTAL REGULATION

General

Various federal, state and local laws and regulations governing the discharge of materials into the environment, or otherwise relating to the protection of the environment, affect our operations and costs. In particular, our activities in connection with storage and transportation of crude oil and other liquid hydrocarbons and our use of facilities for treating, processing or otherwise handling hydrocarbons and wastes are subject to stringent environmental regulation. As with the industry generally, compliance with existing and anticipated regulations increases our overall cost of business. Areas affected include capital costs to construct, maintain and upgrade equipment and facilities. While these regulations affect our capital expenditures and earnings, we believe that these regulations do not affect our competitive position in that the operations of our competitors that comply with such regulations are similarly affected. Environmental regulations have historically been subject to frequent change by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of such regulations on our operations. Violation of federal or state environmental laws, regulations and permits can result in the imposition of significant civil and criminal penalties,

injunctions and construction bans or delays. A discharge of hydrocarbons or hazardous substances into the environment could, to the extent such event is not insured, subject us to substantial expense, including both the cost to comply with applicable regulations and claims by neighboring landowners and other third parties for personal injury and property damage.

Water

The Oil Pollution Act ("OPA") was enacted in 1990 and amends provisions of the Federal Water Pollution Control Act of 1972 ("FWPCA") and other statutes as they pertain to prevention and response to oil spills. The OPA subjects owners of facilities to strict, joint and potentially unlimited liability for removal costs and certain other consequences of an oil spill, where such spill is into navigable waters, along shorelines or in the exclusive economic zone of the U.S. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. States in which we operate have also enacted similar laws. Regulations are currently being developed under OPA and state laws that may also impose additional regulatory burdens on our operations.

The FWPCA imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters. Permits must be obtained to discharge pollutants into state and federal waters. The FWPCA imposes substantial potential liability for the costs of removal, remediation and damages. We believe that compliance with existing permits and compliance with foreseeable new permit requirements will not have a material adverse effect on our financial condition or results of operations.

Some states maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. We believe that we are in substantial compliance with these state requirements.

Air Emissions

Our operations are subject to the Federal Clean Air Act and comparable state and local statutes. We believe that our operations are in substantial compliance with these statutes in all states in which we operate.

Amendments to the Federal Clean Air Act enacted in late 1990 (the "1990 Federal Clean Air Act Amendments") require or will require most industrial operations in the U.S. to incur capital expenditures in order to meet air emission control standards developed by the Environmental Protection Agency (the "EPA") and state environmental agencies. In addition, the 1990 Federal Clean Air Act Amendments include a new operating permit for major sources ("Title V permits"), which applies to some of our facilities. Although we can give no assurances, we believe implementation of the 1990 Federal Clean Air Act Amendments will not have a material adverse effect on our financial condition or results of operations.

Solid Waste

We generate non-hazardous solid wastes that are subject to the requirements of the Federal Resource Conservation and Recovery Act ("RCRA") and comparable state statutes. The EPA is considering the adoption of stricter disposal standards for non-hazardous wastes, including oil and gas wastes. RCRA also governs the disposal of hazardous wastes. We are not currently required to comply with a substantial portion of the RCRA requirements because our operations generate minimal quantities of hazardous wastes. However, it is possible that additional wastes, which could include wastes currently generated during operations, will in the future be designated as "hazardous wastes." Hazardous wastes are subject to more rigorous and costly disposal requirements than are non-hazardous wastes. Such changes in the regulations could result in additional capital expenditures or operating expenses.

Hazardous Substances

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as "Superfund," imposes liability, without regard to fault or the legality of the original act, on certain classes of persons that contributed to the release of a "hazardous substance" into the environment. These persons include the owner or operator of the site and companies that disposed or arranged for the disposal of the hazardous substances found at the site. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. In the course of our ordinary operations, we may generate waste that falls within CERCLA's definition of a "hazardous substance." We may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which such hazardous substances have been disposed of or released into the environment.

We currently own or lease, and have in the past owned or leased, properties where hydrocarbons are being or have been handled. Although we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on or under the properties owned or leased by us or on or under other locations where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under our control. These properties and wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater) or to perform remedial plugging operations to prevent future contamination.

OSHA

We are also subject to the requirements of the Federal Occupational Safety and Health Act ("OSHA") and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that certain information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. We believe that our operations are in substantial compliance with OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to regulated substances.

Endangered Species Act

The Endangered Species Act ("ESA") restricts activities that may affect endangered species or their habitats. While certain of our facilities are in areas that may be designated as habitat for endangered species, we believe that we are in substantial compliance with the ESA. However, the discovery of previously unidentified endangered species could cause us to incur additional costs or operation restrictions or bans in the affected area.

Hazardous Materials Transportation Requirements

The DOT regulations affecting pipeline safety require pipeline operators to implement measures designed to reduce the environmental impact of oil discharge from onshore oil pipelines. These regulations require operators to maintain comprehensive spill response plans, including extensive spill response training for pipeline personnel. In addition, DOT regulations contain detailed specifications for pipeline operation and maintenance. We believe our operations are in substantial compliance with such regulations.

ENVIRONMENTAL REMEDIATION

In connection with our acquisition of Scurlock Permian, we identified a number of areas of potential environmental exposure. Under the terms of our acquisition agreement, Marathon Ashland is fully indemnifying us for areas of environmental exposure which were identified at the time of the acquisition, including any and all liabilities associated with two superfund sites at which it is alleged Scurlock Permian deposited waste oils as well as any potential liability for hydrocarbon soil and water contamination at a number of Scurlock Permian facilities. For environmental liabilities which were not identified at the time of the acquisition but which occurred prior to the closing, we have agreed to pay the costs relating to matters that are under $25,000. Our liabilities relating to matters discovered prior to May 2003 and that exceed $25,000, is limited to an aggregate of $1.0 million, with Marathon Ashland indemnifying us for any excess amounts. Marathon Ashland's indemnification obligations for identified sites extend indefinitely while its obligations for non-identified sites extend to matters discovered within four years. While we do not believe that our liability, if any, for environmental contamination associated with our Scurlock Permian assets will be material, there can be no assurance in that regard. Moreover, should we be found liable, we believe that our indemnification from Marathon Ashland should prevent such liability from having a material adverse effect on our financial condition or results of operations.

In connection with our acquisition of the West Texas Gathering System, we agreed to be responsible for pre-acquisition environmental liabilities up to an aggregate amount of $1.0 million, while Chevron Pipe Line Company agreed to remain solely responsible for liabilities which are discovered prior to July 2002 which exceed this $1.0 million threshold. During our pre-acquisition investigation, we identified a number of sites along our West Texas Gathering System on which there are hydrocarbon contaminated soils. While the total cost of remediation of these sites has not yet been determined, we believe our indemnification arrangement with Chevron Pipe Line Company should prevent such costs from having a material adverse effect on our financial condition or results of operations.

From 1994 to 1997, our Venice, Louisiana terminal experienced several releases of crude oil and jet fuel into the soil. The Louisiana Department of Environmental Quality has been notified of the releases. Marathon Ashland has performed some soil remediation related to the releases. The extent of the contamination at the sites is uncertain and there is a potential for groundwater contamination. We do not expect expenditures related to this terminal to be material, although we can provide no assurances in that regard.

During 1997, the All American Pipeline experienced a leak in a segment of its pipeline in California which resulted in an estimated 12,000 barrels of crude oil being released into the soil. Immediate action was taken to repair the pipeline leak, contain the spill and to recover the released crude oil. We have expended approximately $400,000 to date in connection with this spill and do not expect any additional expenditures to be material, although we can provide no assurances in that regard.

Prior to being acquired by our predecessor in 1996, the Ingleside Terminal experienced releases of refined petroleum products into the soil and groundwater underlying the site due to activities on the property. We are undertaking a voluntary state-administered remediation of the contamination on the property to determine the extent of the contamination. We have spent approximately $130,000 to date in investigating the contamination at this site. We do not anticipate the total additional costs related to this site to exceed $250,000, although no assurance can be given that the actual cost could not exceed such estimate. In addition, a portion of any such costs may be reimbursed to us from Plains Resources.

We may experience future releases of crude oil into the environment from our pipeline and storage operations, or discover releases that were previously unidentified. While we maintain an extensive inspection program designed to prevent and, as applicable, to detect and address such releases promptly, damages and liabilities incurred due to any future environmental releases from our assets may substantially affect our business

OPERATIONAL HAZARDS AND INSURANCE

A pipeline may experience damage as a result of an accident or other natural disaster. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damages and suspension of operations. We maintain insurance of various types that we consider to be adequate to cover our operations and properties. The insurance covers all of our assets in amounts considered reasonable. The insurance policies are subject to deductibles that we consider reasonable and not excessive. Our insurance does not cover every potential risk associated with operating pipelines, including the potential loss of significant revenues. Consistent with insurance coverage generally available to the industry, our insurance policies provide limited coverage for losses or liabilities relating to pollution, with broader coverage for sudden and accidental occurrences.

The occurrence of a significant event not fully insured or indemnified against, or the failure of a party to meet its indemnification obligations, could materially and adversely affect our operations and financial condition. We believe that we are adequately insured for public liability and property damage to others with respect to our operations. With respect to all of our coverage, no assurance can be given that we will be able to maintain adequate insurance in the future at rates we consider reasonable.

TITLE TO PROPERTIES

Substantially all of our pipelines are constructed on rights-of-way granted by the apparent record owners of such property and in some instances such rights-of-way are revocable at the election of the grantor. In many instances, lands over which rights-of-way have been obtained are subject to prior liens which have not been subordinated to the right-of-way grants. In some cases, not all of the apparent record owners have joined in the right-of-way grants, but in substantially all such cases, signatures of the owners of majority interests have been obtained. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along water courses, county roads, municipal streets and state highways, and in some instances, such permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some cases, property for pipeline purposes was purchased in fee. All of the pump stations are located on property owned in fee or property under long-term leases. In certain states and under certain circumstances, we have the right of eminent domain to acquire rights-of-way and lands necessary for our common carrier pipelines.

Some of the leases, easements, rights-of-way, permits and licenses transferred to us, upon our formation in 1998 and in connection with acquisitions we have made since that time, required the consent of the grantor to transfer such rights, which in certain instances is a governmental entity. Our general partner believes that it has obtained such third-party consents, permits and authorizations as are sufficient for the transfer to us of the assets necessary for us to operate our business in all material respects as described in this report. With respect to any consents, permits or authorizations which have not yet been

obtained, our general partner believes that such consents, permits or authorizations will be obtained within a reasonable period, or that the failure to obtain such consents, permits or authorizations will have no material adverse effect on the operation of our business.

Our general partner believes that we have satisfactory title to all of our assets. Although title to such properties are subject to encumbrances in certain cases, such as customary interests generally retained in connection with acquisition of real property, liens related to environmental liabilities associated with historical operations, liens for current taxes and other burdens and minor easements, restrictions and other encumbrances to which the underlying properties were subject at the time of acquisition by our predecessor or us, our general partner believes that none of such burdens will materially detract from the value of such properties or from our interest therein or will materially interfere with their use in the operation of our business.

EMPLOYEES

To carry out our operations, our general partner or its affiliates employed approximately 910 employees at December 31, 1999. None of the employees of our general partner were represented by labor unions, and our general partner considers its employee relations to be good.

ITEM 3. LEGAL PROCEEDINGS

Texas Securities Litigation. On November 29, 1999, a class action lawsuit was filed in the United States District Court for the Southern District of Texas entitled Di Giacomo v. Plains All American Pipeline, et al. The suit alleged that Plains All American Pipeline, L.P. and certain of our general partner's officers and directors violated federal securities laws, primarily in connection with unauthorized trading by a former employee. An additional nineteen cases were filed in the Southern District of Texas, some of which name our general partner and Plains Resources as additional defendants. Plaintiffs allege that the defendants are liable for securities fraud violations under Rule 10b-5 and Section 20(a) of the Securities Exchange Act of 1934 and for making false registration statements under Sections 11 and 15 of the Securities Act of 1933. The court has consolidated all subsequently filed cases under the first filed action described above. Two unopposed motions are currently pending to appoint lead plaintiffs. These motions ask the court to appoint two distinct lead plaintiffs to represent two different plaintiff classes: (1) purchasers of Plains Resources common stock and options and (2) purchasers of our common units. Once lead plaintiffs have been appointed, the plaintiffs will file their consolidated amended complaints. No answer or responsive pleading is due until thirty days after a consolidated amended complaint is filed.

Delaware Derivative Litigation. On December 3, 1999, two derivative lawsuits were filed in the Delaware Chancery Court, New Castle County, entitled Susser v. Plains All American Inc., et al and Senderowitz v. Plains All American Inc., et al. These suits, and three others which were filed in Delaware subsequently, named our general partner, its directors and certain of its officers as defendants, and allege that the defendants breached the fiduciary duties that they owed to Plains All American Pipeline, L.P. and its unitholders by failing to monitor properly the activities of its employees. The derivative complaints allege, among other things, that Plains All American Pipeline has been harmed due to the negligence or breach of loyalty of the officers and directors that are named in the lawsuits. These cases are currently in the process of being consolidated. No answer or responsive pleading is due until these cases have been consolidated and a consolidated complaint has been filed.

We intend to vigorously defend the claims made in the Texas securities litigation and the Delaware derivative litigation. However, there can be no assurance that we will be successful in our defense or that these lawsuits will not have a material adverse effect on our financial position or results of operation.

We, in the ordinary course of business, are a claimant and/or a defendant in various other legal proceedings. Management does not believe that the outcome of these other legal proceedings, individually and in the aggregate, will have a materially adverse effect on our financial condition or results of operation.

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

No matters were submitted to a vote of the security holders, through solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON UNITS AND RELATED UNITHOLDER MATTERS

The common units, excluding the Class B common units, are listed and traded on the New York Stock Exchange under the symbol "PAA". On March 22, 2000, the market price for the common units was $16 3/8 per unit and there were approximately 11,700 recordholders and beneficial owners (held in street name).

The following table sets forth high and low sales prices for the common units as reported on the New York Stock Exchange Composite Tape, and the cash distributions paid per common unit for the periods indicated:

	Common Unit Price Range		Cash
	High	Low	Distributions
1999:			
1st Quarter	$ 19	$ 15 7/8	$ 0.450
2nd Quarter	19 15/16	16 5/16	0.463
3rd Quarter	20	17 3/8	0.481
4th Quarter	20 1/4	9 5/8	0.450 (1)
1998:			
4th Quarter	$ 20 3/16	$ 16 1/4	$ 0.193 (2)

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(1) A distribution was not made on the subordinated units for the fourth quarter of 1999.

(2) Represents a partial quarterly distribution for the period from November 23, 1998, the date of our initial public offering, to December 31, 1998.

The Class B common units are pari passu with common units with respect to quarterly distributions, and are convertible into common units upon approval of a majority of the common unitholders. The Class B unitholders may request that we call a meeting of common unitholders to consider approval of the conversion of Class B units into common units. If the approval of a conversion by the common unitholders is not obtained within 120 days of a request, each Class B unitholder will be entitled to receive distributions, on a per unit basis, equal to 110% of the amount of distributions paid on a common unit, with such distribution right increasing to 115% if such approval is not secured within 90 days after the end of the 120-day period. Except for the vote to approve the conversion, the Class B units have the same voting rights as the common units.

We have also issued subordinated units, all of which are held by an affiliate of our general partner, for which there is no established public trading market. Subject to the consent of our lenders, we will distribute to our partners (including holders of subordinated units), on a quarterly basis, all of our available cash in the manner described herein. Available cash generally means, for any of our fiscal quarters, all cash on hand at the end of the quarter less the amount of cash reserves that is necessary or appropriate in the reasonable discretion of our general partner to:

- provide for the proper conduct of our business;
- comply with applicable law, any of our debt instruments or other agreements; or
- provide funds for distributions to unitholders and our general partner for any one or more of the next four quarters.

Minimum quarterly distributions are $0.45 for each full fiscal quarter (prorated for the initial partial fiscal quarter commencing November 23, 1998, the closing date of our initial public offering through year-end 1998). Distributions of available cash to the holders of subordinated units are subject to the prior rights of the holders of common units to receive the minimum quarterly distributions for each quarter during the subordination period, and to receive any arrearages in the distribution of minimum quarterly distributions on the common units for prior quarters during the subordination period. The expiration of the subordination period will generally not occur prior to December 31, 2003.

Under the terms of our amended bank credit agreement and letter of credit and borrowing facility, we are required to have lender approval to declare or pay distributions to unitholders and are prohibited from declaring or paying any distribution to unitholders if a default or event of default (as defined in such agreements) exists. See Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources, Liquidity and Financial Condition".

ITEM 6. SELECTED FINANCIAL AND OPERATING DATA
(in thousands, except unit and operating data)

On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the business of our predecessor. The historical financial information below for Plains All American Pipeline was derived from our audited consolidated financial statements as of December 31, 1999 and 1998, and for the year ended December 31, 1999 and for the period from November 23, 1998 through December 31, 1998. The pro forma financial information for the year ended December 31, 1998 was derived from our audited consolidated financial statements for the period from November 23, 1998 through December 31, 1998 and from the audited combined financial statements of our predecessor for the period from January 1, 1998 through November 22, 1998. The financial information below for our predecessor was derived from the audited combined financial statements of our predecessor, as of December 31, 1997, 1996, and 1995 and for the period from January 1, 1998 through November 22, 1998 and for the years ended December 31, 1997, 1996, and 1995, including the notes thereto. The operating data for all periods is derived from our records as well as those of our predecessor. Commencing May 1, 1999, the results of operations of the Scurlock Permian businesses are included in our results of operations. Commencing July 30, 1998, the results of operations of the All American Pipeline and the SJV Gathering System are included in the results of operations of our predecessor and Plains All American Pipeline. The selected financial data should be read in conjunction with the consolidated and combined financial statements, including the notes thereto, included elsewhere in this report, and Item 7, - "Management's Discussion and Analysis of Financial Condition and Results of Operations".

				Predecessor			
	Year Ended December 31,		November 23, 1998 To December 31,	January 1, 1998 To November 22,	Year Ended December 31,		
	1999	1998 (1)(2)	1998 (1)	1998 (1)	1997	1996	1995
		(restated) (proforma) (unaudited)	(restated)	(restated)			
STATEMENT OF OPERATIONS DATA:							
Revenues	$ 4,701,921	$ 1,568,853	$ 176,445	$ 953,244	$ 752,522	$ 531,698	$ 339,825
Cost of sales and operations	4,591,607	1,494,732	168,946	922,263	740,042	522,167	333,459
Unauthorized trading losses and related expenses (1)	166,440	7,100	2,400	4,700	-	-	-
Gross margin	(56,126)	67,021	5,099	26,281	12,480	9,531	6,366
General and administrative expenses	22,198	6,501	771	4,526	3,529	2,974	2,415
Depreciation and amortization	17,344	11,303	1,192	4,179	1,165	1,140	944
Restructuring expense	1,410	-	-	-	-	-	-
Total expenses	40,952	17,804	1,963	8,705	4,694	4,114	3,359
Operating income (loss)	(97,078)	49,217	3,136	17,576	7,786	5,417	3,007
Interest expense	(21,139)	(12,991)	(1,371)	(11,260)	(4,516)	(3,559)	(3,460)
Noncash compensation expense	(1,013)	-	-	-	-	-	-
Gain on sale of linefill	16,457	-	-	-	-	-	-
Interest and other income	958	584	12	572	138	90	115
Net income (loss) before provision (benefit) in lieu of income taxes and extraordinary item	(101,815)	36,810	1,777	6,888	3,408	1,948	(338)
Provision (benefit) in lieu of income taxes	-	-	-	2,631	1,268	726	(93)
Net income (loss) before extraordinary item	$ (101,815)	$ 36,810	$ 1,777	$ 4,257	$ 2,140	$ 1,222	$ (245)
Basic and diluted net income (loss) per limited partner unit before extraordinary item (3)	$ (3.16)	$ 1.20	$ 0.06	$ 0.25	$ 0.12	$ 0.07	$ (0.01)
Weighted average number of limited partner units outstanding	31,633	30,089	30,089	17,004	17,004	17,004	17,004

Table and footnotes continued on next page

	Year Ended December 31,		November 23, 1998 To December 31,	Predecessor			
				January 1, 1998 To November 22,	Year Ended December 31,		
	1999	1998 (1)	1998 (1)	1998 (1)	1997	1996	1995
		(restated) (proforma) (unaudited)	(restated)	(restated)			
BALANCE SHEET DATA: (AT END OF PERIOD):							
Working capital (4)	$ 101,539	N/A	$ 2,231	N/A	$ 2,017	$ 2,586	$ 3,055
Total assets	1,223,037	N/A	607,186	N/A	149,619	122,557	82,076
Related party debt							
Long-term	114,000	N/A	-	N/A	28,531	31,811	32,095
Total debt (5)	368,819	N/A	184,750	N/A	18,000	-	-
Partners' capital	192,973	N/A	270,543	N/A	-	-	-
Combined equity	-	N/A	-	N/A	5,975	3,835	2,613
OTHER DATA:							
EBITDA (6)	$ 89,074	$ 68,204	$ 6,740	$ 27,027	$ 9,089	$ 6,647	$ 4,066
Maintenance capital expenditures (7)	1,741	2,091	200	1,508	678	1,063	571
OPERATING DATA:							
Volumes (barrels per day):							
All American							
Tariff (8)	100,600	124,500	110,200	113,700	-	-	-
Margin (9)	56,200	49,200	50,900	49,100	-	-	-
Other	61,400	-	-	-	-	-	-
Total pipeline	218,200	173,700	161,100	162,800	-	-	-
Lease gathering (10)	264,700	108,500	126,200	87,100	71,400	58,500	45,900
Bulk purchases (11)	138,200	97,900	133,600	94,700	48,500	31,700	10,200
Total	402,900	206,400	259,800	181,800	119,900	90,200	56,100
Terminal throughput (12)	83,300	79,800	61,900	81,400	76,700	59,800	42,500

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(1) In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately $162.0 million ($174.0 million, including estimated associated costs and legal expenses). Approximately $7.1 million of the unauthorized trading losses was recognized in 1998 and as a result, we have restated our 1998 financial information. See Item 1. - "Business - Unauthorized Trading Losses".

(2) The unaudited selected pro forma financial and operating data for the year ended December 31, 1998, is based on our historical financial statements and those of our predecessor and Wingfoot Ventures Seven, Inc., a wholly-owned subsidiary of Goodyear. The historical financial statements of Wingfoot reflect the historical operating results of the All American Pipeline and the SJV Gathering System through July 30, 1998. Effective July 30 1998, our predecessor acquired the All American Pipeline and SJV Gathering system from Goodyear for approximately $400.0 million. The pro forma selected financial data reflects certain pro forma adjustments to the historical results of operations as if we had been formed and the acquisition had taken place on January 1, 1998.

(3) Basic and diluted net income (loss) per unit is computed by dividing the limited partners' interest in net income by the number of outstanding common and subordinated units. For periods prior to November 23, 1998, the number of units are equal to the common and subordinated units received by our general partner in exchange for the assets contributed to the partnership.

(4) At December 31, 1999, working capital includes $37.9 million of pipeline linefill and $103.6 million for the segment of the All American Pipeline that were both sold in the first quarter of 2000. See Item 1. - "Acquisitions and Dispositions - All American Pipeline Linefill and Asset Disposition".

(5) Excludes related party debt.

(6) EBITDA means earnings before interest expense, income taxes, depreciation and amortization. Our EBITDA calculation also excludes the unauthorized trading losses, noncash compensation, restructuring expense, linefill gain and extraordinary loss from extinguishment of debt. EBITDA is not a measurement presented in accordance with GAAP and is not intended to be used in lieu of GAAP presentations of results of operations and cash provided by operating activities. Our EBITDA may not be comparable to EBITDA of other entities, as other entities may not calculate EBITDA in the same manner as we do.

(7) 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 our existing 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 operating capacity are charged to expense as incurred.

(8) Represents crude oil deliveries on the All American Pipeline for the account of third parties.

(9) Represents crude oil deliveries on the All American Pipeline and the SJV Gathering System for the account of affiliated entities. These volumes were transported on the segment of the line that was sold. See "All American

Pipeline Linefill Sale and Asset Disposition."

(10) Represents barrels of crude oil purchased at the wellhead, including volumes which would have been purchased under the Marketing Agreement.

(11) Represents barrels of crude oil purchased at collection points, terminals and pipelines.

(12) Represents total crude oil barrels delivered from the Cushing Terminal and the Ingleside Terminal.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of our operations and those of the midstream subsidiaries of Plains Resources (our "predecessor") should be read in conjunction with our historical consolidated and combined financial statements and accompanying notes and those of our predecessor included elsewhere in this report. For more detailed information regarding the basis of presentation for the following financial information, see the notes to the historical consolidated and combined financial statements.

OVERVIEW

We were formed in September of 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. and its wholly-owned subsidiaries. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the business of our predecessor. Our operations are conducted through Plains Marketing, L.P., All American Pipeline, L.P. and Plains Scurlock Permian, L.P. Plains All American Inc., a wholly owned subsidiary of Plains Resources, is our general partner. We are engaged in interstate and intrastate crude oil transportation, gathering and marketing as well as crude oil terminalling and storage activities. Our operations are conducted primarily in California, Texas, Oklahoma, Louisiana and the Gulf of Mexico.

Pipeline Operations. Our activities from pipeline operations generally consist of transporting third-party volumes of crude oil for a tariff and merchant activities designed to capture price differentials between the cost to purchase and transport crude oil to a sales point and the price received for such crude oil at the sales point. Tariffs on our pipeline systems vary by receipt point and delivery point. The gross margin generated by our tariff activities depends on the volumes transported on the pipeline and the level of the tariff charged, as well as the fixed and variable costs of operating the pipeline. Our ability to generate a profit on margin activities is not tied to the absolute level of crude oil prices but is generated by the difference between an index related price paid and other costs incurred in the purchase of crude oil and an index related price at which we sell crude oil. We are well positioned to take advantage of these price differentials due to our ability to move purchased volumes on our pipeline systems. We combine reporting of gross margin for tariff activities and margin activities due to the sharing of fixed costs between the two activities.

Terminalling and Storage Activities and Gathering and Marketing Activities. Gross margin from terminalling and storage activities is dependent on the throughput volume of crude oil stored and the level of fees generated at our terminalling and storage facilities. Gross margin from our gathering and marketing activities is dependent on our ability to sell crude oil at a price in excess of our aggregate cost. These operations are not directly affected by the absolute level of crude oil prices, but are affected by overall levels of supply and demand for crude oil and fluctuations in market related indices.

During periods when the demand for crude oil is weak (as was the case in late 1997, 1998 and the first quarter of 1999), the market for crude oil is often in contango, meaning that the price of crude oil in a given month is less than the price of crude oil in a subsequent month. A contango market has a generally negative impact on marketing margins, but is favorable to the storage business, because storage owners at major trading locations (such as the Cushing Interchange) can simultaneously purchase production at low current prices for storage and sell at higher prices for future delivery. When there is a higher demand than supply of crude oil in the near term, the market is backward, meaning that the price of crude oil in a given month exceeds the price of crude oil in a subsequent month. A backward market has a positive impact on marketing margins because crude oil gatherers can capture a premium for prompt deliveries. We believe that the combination of our terminalling and storage activities and gathering and marketing activities provides a counter-cyclical balance which has a stabilizing effect on our operations and cash flow.

As we purchase crude oil, we establish a margin by selling crude oil for physical delivery to third party users, such as independent refiners or major oil companies, or by entering into a future delivery obligation with respect to futures contracts on the NYMEX. Through these transactions, we seek to maintain a position that is substantially balanced between crude oil purchases and sales and future delivery obligations. We purchase crude oil on both a fixed and floating price basis. As fixed price barrels are purchased, we enter into sales arrangements with refiners, trade partners or on the NYMEX, which establishes a margin and protects it against future price fluctuations. When floating price barrels are purchased, we match those contracts with similar type sales agreements with our customers, or likewise establish a hedge position using the NYMEX futures market. From time to time, we enter into arrangements which will expose us to basis risk. Basis risk occurs when crude oil is purchased based on a crude oil specification and location which is different from the countervailing sales arrangement. Our policy is only to purchase crude oil for which we have a market and to structure our sales contracts so that crude oil price fluctuations do not materially affect the gross margin which we receive. In November 1999, we discovered that this policy was violated, and we incurred $174.0 million in unauthorized trading losses, including associated costs and

legal expenses. See -"Unauthorized Trading Losses". We do not acquire and hold crude oil futures contracts or other derivative products for the purpose of speculating on crude oil price changes that might expose us to indeterminable losses.

UNAUTHORIZED TRADING LOSSES

In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately $162.0 million ($174.0 million, including estimated associated costs and legal expenses). Approximately $7.1 million of the unauthorized trading losses was recognized in 1998 and the remainder in 1999. As a result, we have restated our 1998 financial information. Normally, as we purchase crude oil, we establish a margin by selling crude oil for physical delivery to third-party users or by entering into a future delivery obligation with respect to futures contracts. The employee in question violated our policy of maintaining a position that is substantially balanced between crude oil purchases and sales or future delivery obligations. The unauthorized trading and associated losses resulted in a default of certain covenants under our credit facilities and significant short-term cash and letter of credit requirements. See "Capital Resources, Liquidity and Financial Condition".

RESULTS OF OPERATIONS

Pro Forma Comparison of the Years Ended December 31, 1999 and 1998

In the discussion that follows, we are presenting a comparison of our historical results for 1999 and pro forma results for 1998. The pro forma adjustments to the historical results of operations for 1998 assume we had been formed and the acquisition of the All American Pipeline and the SJV Gathering System had taken place January 1, 1998. The following table sets forth certain historical and pro forma financial and operating information of Plains All American Pipeline for the periods presented. The following pro forma financial and operating information does not include pro forma adjustments related to the Scurlock acquisition which was effective May 1, 1999 (in thousands).

	Year Ended December 31,	
	1999 (historical)	1998 (pro forma) (restated)
OPERATING RESULTS:		
Revenues	$ 4,701,921	$ 1,568,853
Gross margin		
Pipeline	$ 58,001	$ 50,893
Terminalling and storage and gathering and marketing	52,313	23,228
Unauthorized trading losses	(166,440)	(7,100)
Total	(56,126)	67,021
General and administrative expense	(22,198)	(6,501)
Gross profit	$ (78,324)	$ 60,520
Net income (loss)	$ (103,360)	$ 36,810

Table continued on following page

	Year Ended December 31,	
	1999	1998
	(historical)	(pro forma)
AVERAGE DAILY VOLUMES (BARRELS):		
Pipeline Activities:		
All American		
Tariff activities	101	125
Margin activities	56	49
Other	61	-
Total	218	174
Lease gathering	265	108
Bulk purchases	138	98
Total	403	206
Terminal throughput	83	80
Storage leased to third parties, monthly average volumes	1,975	1,150

For the year ended December 31, 1999, we reported a net loss of $103.4 million on total revenue of $4.7 billion compared to net income for the year ended December 31, 1998 of $36.8 million on total revenue of $1.6 billion. The results for the years ended December 31, 1999 and 1998 include the following nonrecurring items:

1999

- $166.4 million of unauthorized trading losses;
- a $16.5 million gain on the portion of the All American Pipeline linefill that was sold in 1999;
- restructuring expense of $1.4 million; and
- an extraordinary loss of $1.5 million related to the early extinguishment of debt.

1998

- $7.1 million of unauthorized trading losses.

Excluding these items, we would have reported net income of $49.6 million and $43.9 million for the years ended December 31, 1999 and 1998, respectively. Excluding the unauthorized trading losses, we reported gross margin (revenues less direct expenses of purchases, transportation, terminalling and storage and other operating and maintenance expenses) of $110.3 million for the year ended December 31, 1999 compared to $74.1 million reported for 1998. Gross profit (gross margin less general and administrative expense), also excluding the unauthorized trading losses, was $88.1 million for the year ended December 31, 1999 as compared to $67.6 million for 1998.

Pipeline Operations. Gross margin from pipeline operations was $58.0 million for the year ended December 31, 1999 compared to $50.9 million for the prior year on a pro forma basis. The increase resulted from increased margins from our pipeline merchant activities, a reduction in operating costs attributable to the All American Pipeline and to the two 1999 acquisitions which contributed approximately $4.8 million of pipeline gross margin. The increase was partially offset by lower tariff transport volumes, due to lower production from Exxon's Santa Ynez Field and the Point Arguello Field, both offshore California.

The margin between revenue and direct cost of crude purchased was $33.5 million for the year ended December 31, 1999 compared to $14.5 million on a pro forma basis for 1998. Pipeline tariff revenues were approximately $46.4 million for the year ended December 31, 1999 compared to approximately $57.5 million on a pro forma basis in 1998. Pipeline operations and maintenance expenses were approximately $24.0 million for the year ended December 31, 1999 as compared to $26.1 million on a pro forma basis for 1998.

Tariff transport volumes on the All American Pipeline decreased from an average of 125,000 barrels per day for the year ended December 31, 1998 on a pro forma basis to 101,000 barrels per day in 1999 due primarily to a decrease in shipments of offshore California production, which decreased from 94,000 barrels per day on a pro forma basis in 1998 to 79,000 barrels per day in 1999. Barrels associated with our merchant activities on the All American Pipeline increased from 49,000 barrels per day on a pro forma basis to 56,000 barrels per day for the year ended December 31, 1999. Tariff volumes shipped on the Scurlock and West Texas Systems averaged 61,000 barrels per day during 1999.

In March 2000, we sold the segment of the All American Pipeline that extends from Emidio, California to McCamey, Texas. We initiated the sale of approximately 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. The sale of the linefill was substantially complete in February 2000. We estimate that we will recognize a total gain of approximately $44.0 million in connection with the sale of the linefill. As of December 31, 1999, we have delivered approximately 1.8 million barrels of linefill and recognized a gain of $16.5 million. During 1999, we reported gross margin of approximately $5.0 million associated with operating the segment of the All American Pipeline that was sold. See "Capital Resources, Liquidity and Financial Condition".

The following table sets forth All American Pipeline average deliveries per day within and outside California for the periods presented (in thousands).

	Year Ended December 31, 1999 (historical)	Year Ended December 31, 1998 (pro forma)
Deliveries:		
Average daily volumes (barrels):		
Within California	101	115
Outside California	56	59
Total	157	174

Gathering and Marketing Activities and Terminalling and Storage Activities. Excluding the unauthorized trading losses, gross margin from gathering, marketing, terminalling and storage activities was approximately $52.3 million for the year ended December 31, 1999 compared to $23.2 million in the prior year on a pro forma basis. The increase in gross margin is due to an increase in lease gathering and bulk purchase volumes, primarily as a result of the Scurlock acquisition which contributed approximately $26.3 million of 1999 gross margin, and an increase in storage capacity leased at our Cushing Terminal. Lease gathering volumes increased from an average of 108,000 barrels per day on a pro forma basis for the year ended December 31, 1998 to approximately 265,000 barrels per day in 1999. Bulk purchase volumes increased from approximately 98,000 barrels per day for 1998 to approximately 138,000 barrels per day this year. Leased terminal capacity increased significantly from approximately 1.1 million barrels per month in 1998 to 2.0 million barrels per month during 1999. The 1.1 million barrel expansion of our Cushing Terminal was placed in service in the second quarter of 1999. Throughput volumes at our terminals increased approximately 3,000 barrels per day in the current year period.

In the period immediately following the disclosure of the unauthorized trading losses, a significant number of our suppliers and trading partners reduced or eliminated the open credit previously extended to us. Consequently, the amount of letters of credit we needed to support the level of our crude oil purchases then in effect increased significantly. In addition, the cost to us of obtaining letters of credit increased under the amended credit facility. In many instances we arranged for letters of credit to secure our obligations to purchase crude oil from our customers, which increased our letter of credit costs and decreased our unit margins. In other instances, primarily involving lower margin wellhead and bulk purchases, our purchase contracts were terminated. As a result of these changes, aggregate volumes purchased are expected to decrease by 150,000 barrels per day, consisting primarily of lower unit margin purchases. Approximately 50,000 barrels per day of the decrease is related to barrels gathered at producer lease locations and 100,000 barrels per day is attributable to bulk purchases. As a result of the increase in letter of credit costs and reduced volumes, annual EBITDA is expected to be adversely affected by approximately $5.0 million, excluding the positive impact of current favorable market conditions.

General and administrative expenses were $22.2 million for the year ended December 31, 1999, compared to $6.5 million for 1998 on a pro forma basis. The increase in 1999 as compared to the 1998 pro forma amount is due to the Scurlock and West Texas Gathering System acquisitions in 1999, continued expansion of our business activities and expenses related to the operation of Plains All American Pipeline as a public entity. As a result of the unauthorized trading losses, we will incur additional expenses in 2000.

Depreciation and amortization expense was $17.3 million for the year ended December 31, 1999, compared to $11.3 million on a pro forma basis for 1998. The increase is primarily due to the Scurlock acquisition and the West Texas Gathering System acquisition.

Interest expense was $21.1 million for the year ended December 31, 1999, compared to $13.0 million on a pro forma basis for 1998. The increase is due to (1) interest associated with the debt incurred for the Scurlock acquisition, (2) the West Texas Gathering System acquisition, (3) an increase in interest related to hedged inventory transactions and (4) an increase in interest rates as a result of the unauthorized trading losses. The 1999 extraordinary item of $1.5 million relates to the write-

In 1999, we terminated 24 employees and paid approximately $1.4 million in connection therewith.

off of certain debt issue costs and penalties associated with the prepayment of debt. The prepayment of debt was made with proceeds from our equity offering in October 1999. See "Capital Resources, Liquidity and Financial Condition".

Historical Analysis of Three Years Ended December 31, 1999.

The historical results of operations for the year ended December 31, 1999 include the results of the Scurlock acquisition effective May 1, 1999 and the West Texas Gathering System acquisition effective July 1, 1999. The combined historical results of operations for the year ended December 31, 1998 are derived from our historical statements for the period from November 23, 1998 through December 31, 1998, and the combined financial statements of our predecessor for the period from January 1, 1998 through November 22, 1998, which in the following discussion are combined and referred to as the year ended December 31, 1998. Commencing July 30, 1998 (the date of acquisition of the All American Pipeline and the SJV Gathering System from Goodyear), the results of operations of the All American Pipeline and the SJV Gathering System are included in the results of operations of the predecessor.

For 1999, we reported a net loss of $103.4 million on total revenue of $4.7 billion compared to net income for 1998 of $6.0 million on total revenue of $1.1 billion and net income for 1997 of $2.1 million on total revenue of $752.5 million. The results for the years ended December 31, 1999 and 1998 include the following nonrecurring items:

1999

- $166.4 million of unauthorized trading losses;
- a $16.5 million gain on the portion of the All American Pipeline linefill that was sold in 1999;
- restructuring expense of $1.4 million; and
- an extraordinary loss of $1.5 million related to the early extinguishment of debt.

1998

- $7.1 million of unauthorized trading losses.

The following table sets forth historical and combined historical financial and operating information of Plains All American Pipeline for the periods presented and includes the impact of the nonrecurring items discussed above (in thousands)

	Year Ended December 31,		
	1999	1998 (restated)	1997 (predecessor)
OPERATING RESULTS:			
Revenues	$ 4,701,921	$ 1,129,689	$ 752,522
Gross margin			
Pipeline	$ 58,001	$ 16,768	$ -
Terminalling and storage and gathering and marketing	52,313	21,712	12,480
Unauthorized trading losses	(166,440)	(7,100)	-
Total	(56,126)	31,380	12,480
General and administrative expense	(22,198)	(5,297)	(3,529)
Gross profit	$ (78,324)	$ 26,083	$ 8,951
Net income (loss)	$ (103,360)	$ 5,979	$ 2,140

Table continued on following page

	Year Ended December 31,		
	1999	1998	1997 (predecessor)
AVERAGE DAILY VOLUMES (BARRELS):			
Pipeline Activities:			
All American			
Tariff activities	101	113	-
Margin activities	56	50	-
Other	61	-	-
Total	218	163	-
Lease gathering	265	88	71
Bulk purchases	138	98	49
Total	403	186	120
Terminal throughput	83	80	77
Storage leased to third parties, monthly average volumes	1,975	1,150	668

Pipeline Operations. Gross margin from pipeline operations was $58.0 million for the year ended December 31, 1999 compared to $16.8 million for 1998. The increase resulted from twelve months of results from the All American Pipeline in 1999 versus five months in 1998, increased margins from our pipeline merchant activities, and to the two 1999 acquisitions which contributed approximately $4.8 million of pipeline gross margin. The increase was partially offset by lower tariff transport volumes, due to lower production from Exxon's Santa Ynez Field and the Point Arguello Field, both offshore California.

The margin between revenue and direct cost of crude purchased was $33.5 million for the year ended December 31, 1999 compared to $3.9 million for 1998. Pipeline tariff revenues were approximately $46.4 million for the year ended December 31, 1999 compared to approximately $19.0 million for 1998. Pipeline operations and maintenance expenses were approximately $24.0 million for the year ended December 31, 1999 as compared to $6.1 million for 1998.

Tariff transport volumes on the All American Pipeline decreased from an average of 113,000 barrels per day for the year ended December 31, 1998 to 101,000 barrels per day in 1999 due primarily to a decrease in shipments of offshore California production, which decreased from 90,000 barrels per day in 1998 to 79,000 barrels per day in 1999. Barrels associated with our merchant activities on the All American Pipeline increased from 50,000 barrels per day in 1998 to 56,000 barrels per day for the year ended December 31, 1999. Tariff volumes shipped on the Scurlock and West Texas Gathering systems averaged 61,000 barrels per day during 1999.

In March 2000, we sold the segment of the All American Pipeline that extends from Emidio, California to McCamey, Texas. We initiated the sale of approximately 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. The sale of the linefill was substantially complete in February 2000. We estimate that we will recognize a total gain of approximately $44.0 million in connection with the sale of the linefill. As of December 31, 1999, we had delivered approximately 1.8 million barrels of linefill and recognized a gain of $16.5 million. During 1999, we reported gross margin of approximately $5.0 million associated with operating the segment of the All American Pipeline that was sold. See "Capital Resources, Liquidity and Financial Condition".

The following table sets forth the All American Pipeline average deliveries per day within and outside California (in thousands):

	Year Ended December 31,	
	1999	1998
Deliveries:		
Average daily volumes (barrels):		
Within California	101	111
Outside California	56	52
Total	157	163

Gathering and Marketing Activities and Terminalling and Storage Activities. Excluding the unauthorized trading losses, gross margin from terminalling and storage and gathering and marketing activities was approximately $52.3 million for the year ended December 31, 1999, reflecting a 141% increase over the $21.7 million reported for 1998 and a 319% increase over the $12.5 million reported for 1997. The increase in gross margin is due to an increase in lease gathering and bulk purchase volumes, primarily as a result of the Scurlock acquisition, which contributed approximately $26.3 million of 1999 gross margin, and an increase in storage capacity leased at our Cushing Terminal. Lease gathering volumes increased from an average of 88,000 and 71,000 barrels per day in 1998 and 1997, respectively, to approximately 265,000 barrels per day in 1999. Bulk purchase volumes increased from approximately 98,000 and 49,000 barrels per day for 1998 and 1997, respectively, to approximately 138,000 barrels per day this year. Leased terminal capacity increased significantly from approximately 1.1 and 0.7 million barrels per month in 1998 and 1997, respectively, to 2.0 million barrels per month during 1999. The 1.1 million barrel expansion of our Cushing Terminal was placed in service in the second quarter of 1999. Throughput volumes at our terminals increased approximately 3,000 and 6,000 barrels per day in the current year period from 1998 and 1997, respectively.

In the period immediately following the disclosure of the unauthorized trading losses, a significant number of our suppliers and trading partners reduced or eliminated the open credit previously extended to us. Consequently, the amount of letters of credit we needed to support the level of our crude oil purchases then in effect increased significantly. In addition, the cost to us of obtaining letters of credit increased under the amended credit facility. In many instances we arranged for letters of credit to secure our obligations to purchase crude oil from our customers, which increased our letter of credit costs and decreased our unit margins. In other instances, primarily involving lower margin wellhead and bulk purchases, our purchase contracts were terminated. As a result of these changes, aggregate volumes purchased are expected to decrease by 150,000 barrels per day, consisting primarily of lower unit margin purchases. Approximately 50,000 barrels per day of the decrease is related to barrels gathered at producer lease locations and 100,000 barrels per day is attributable to bulk purchases. As a result of the increase in letter of credit costs and reduced volumes, annual EBITDA is expected to be adversely affected by approximately $5.0 million, excluding the positive impact of current favorable market conditions.

General and administrative expenses were $22.2 million for the year ended December 31, 1999, compared to $5.3 million and $3.5 million for 1998 and 1997, respectively. Such increases were primarily attributable to the Scurlock and West Texas Gathering System acquisitions in 1999, the All American Pipeline acquisition in July 1998, continued expansion of our business activities and expenses related to the operation of the Plains All American Pipeline as a public entity. As a result of the unauthorized trading losses, we will incur additional expenses in 2000.

Depreciation and amortization expense was $17.3 million in 1999, $5.4 million in 1998 and $1.2 million in 1997. The increase in 1999 is due primarily to the Scurlock and West Texas Gathering System acquisitions in 1999 and the All American Pipeline acquisition in July 1998. The increase in 1998 is due to the All American Pipeline acquisition.

Interest expense was $21.1 million in 1999, $12.6 million in 1998 and $4.5 million in 1997. The increase in 1999 is due to (1) interest associated with the debt incurred for the Scurlock and West Texas Gathering System acquisitions, (2) a full year of interest for the All American Pipeline acquisition, (3) an increase in interest related to hedged inventory transactions and (4) an increase in interest rates as a result of the unauthorized trading losses. The increase in interest expense in 1998 is associated with the debt incurred for the acquisition of the All American Pipeline and the SJV Gathering System. Interest expense in 1997 is comprised principally of interest charged to our predecessor by Plains Resources for amounts borrowed to construct the Cushing Terminal and subsequent capital additions, including the Ingleside Terminal.

The extraordinary item of $1.5 million in 1999 relates to the write-off of certain debt issue costs and penalties incurred associated with the prepayment of debt. The prepayment of debt was made from the proceeds of our equity offering in October 1999. See - "Capital Resources, Liquidity and Financial Condition".

In 1999, we terminated 24 employees and paid approximately $1.4 million in connection therewith.

CAPITAL RESOURCES, LIQUIDITY AND FINANCIAL CONDITION

Unauthorized Trading Losses

In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately $162.0 million ($174.0 million, including estimated associated costs and legal expenses). A full investigation into the unauthorized trading activities by outside legal counsel and independent accountants and consultants determined that the vast majority of the losses occurred from March through November 1999, and the impact warranted a restatement of previously reported financial information for 1999 and 1998 (see Note 3 in Notes to our consolidated and combined financial statements appearing elsewhere in this report).

Normally, as we purchase crude oil, we establish a margin by selling crude oil for physical delivery to third-party users or by entering into a future delivery obligation with respect to futures contracts. The employee in question violated our policy of maintaining a position that is substantially balanced between crude oil purchases and sales or future delivery obligations. The unauthorized trading and associated losses resulted in a default of certain covenants under our credit facilities and significant short-term cash and letter of credit requirements.

In December 1999, we executed amended credit facilities and obtained default waivers from all of our lenders. The amended credit facilities:

- waived defaults under covenants contained in the existing credit facilities;
- increased availability under our letter of credit and borrowing facility from $175.0 million in November 1999 to $295.0 million in December 1999, $315.0 million in January 2000, and thereafter decreasing to $239.0 million in February through April 2000, to $225.0 million in May and June 2000 and to $200.0 million in July 2000 through July 2001;
- required the lenders' consent prior to the payment of distributions to unitholders;
- prohibited contango inventory transactions subsequent to January 20, 2000; and
- increased interest rates and fees under certain of the facilities.

We paid approximately $13.7 million to our lenders in connection with the amended credit facilities. This amount was capitalized as debt issue costs and will be amortized over the remaining term of the amended facilities. In connection with the amendments, our general partner loaned us approximately $114.0 million. This subordinated debt is due not later than November 30, 2005.

We have taken appropriate and aggressive steps within our organization to enhance our processes and procedures to prevent future unauthorized trading. One of such steps includes the creation of a new professional risk management position. This risk manager has direct responsibility and authority for our trading controls and procedures and other aspects of corporate risk management. However, we can give no assurance that such steps will detect and prevent all violations of our trading policies and procedures, particularly if deception or other intentional misconduct is involved.

Public Offering

In October 1999, we completed a public offering of an additional 2,990,000 common units, representing limited partner interests, at $18.00 per unit. Net proceeds, including our general partners' contribution, were approximately $51.3 million after deducting underwriters' discounts and commissions and offering expenses of approximately $3.1 million. The proceeds, together with our general partner's capital contribution of approximately $0.5 million to maintain its 2% general partner interest, were used to reduce outstanding debt. Approximately $44.0 million was used to reduce the term loan portion of the Plains Scurlock bank credit agreement and the remainder was used to reduce the balance outstanding on our other revolving credit facility.

All American Pipeline Linefill Sale and Asset Disposition

We initiated the sale of approximately 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. This sale was substantially completed in February 2000. The linefill was located in the segment of the All American Pipeline that extends from Emidio, California, to McCamey, Texas. Except for minor third party volumes, one of our subsidiaries has been the sole shipper on this segment of the pipeline since its predecessor acquired the line from the Goodyear Tire & Rubber Company in July 1998. Proceeds from the sale of the linefill were approximately $100.0 million, net of associated costs, and were used for working capital purposes. We estimate that we will recognize a total gain of approximately $44.0 million in connection with the sale of linefill. As of December 31, 1999, we had delivered approximately 1.8 million barrels of linefill and recognized a gain of $16.5 million.

On March 24, 2000, we completed the sale of the above referenced segment of the All American Pipeline to a unit of El Paso Energy Corporation for total proceeds of $129.0 million. The proceeds from the sale were used to reduce outstanding debt. Our net proceeds are expected to be approximately $124.0 million, net of associated transaction costs and estimated costs to remove certain equipment. We estimate that we will recognize a gain of approximately $20.0 million in connection with the sale. During 1999, we reported gross margin of approximately $5.0 million from volumes transported on the segment of the line that was sold.

Scurlock Acquisition

On May 12, 1999, Plains Scurlock Permian, L.P., a limited partnership of which Plains All American Inc. is the general partner and Plains Marketing, L.P. is the limited partner, completed the Scurlock acquisition. Including working capital adjustments and closing and financing costs, the cash purchase price was approximately $141.7 million. Financing for the Scurlock acquisition was provided through:

- borrowings of approximately $92.0 million under Plains Scurlock's limited recourse bank facility with BankBoston, N.A.;
- the sale to our general partner of 1.3 million of our Class B common units for a total cash consideration of $25.0 million, or $19.125 per unit, the price equal to the market value of our common units on May 12, 1999; and
- a $25.0 million draw under our existing revolving credit agreement.

The Class B common units are pari passu with common units with respect to quarterly distributions, and are convertible into common units upon approval of a majority of the common unitholders. The Class B unitholders may request that we call a meeting of common unitholders to consider approval of the conversion of Class B units into common units. If the approval of a conversion by the common unitholders is not obtained within 120 days of a request, each Class B unitholder will be entitled to receive distributions, on a per unit basis, equal to 110% of the amount of distributions paid on a common unit, with such distribution right increasing to 115% if such approval is not secured within 90 days after the end of the 120-day period. Except for the vote to approve the conversion, the Class B units have the same voting rights as the common units.

West Texas Gathering System Acquisition

On July 15, 1999, Plains Scurlock Permian, L.P. completed the acquisition of a West Texas crude oil pipeline and gathering system from Chevron Pipe Line Company for approximately $36.0 million, including transaction costs. Our total acquisition cost was approximately $38.9 million including costs to address certain issues identified in the due diligence process. The principal assets acquired include approximately 450 miles of crude oil transmission mainlines, approximately 400 miles of associated gathering and lateral lines and approximately 2.9 million barrels of crude oil storage and terminalling capacity in Crane, Ector, Midland, Upton, Ward and Winkler Counties, Texas. Financing for the amounts paid at closing was provided by a draw under the term loan portion of the Plains Scurlock credit facility.

Credit Agreements

Amounts outstanding under our credit agreements at December 31, 1999 were as follows (in thousands):

All American Pipeline, L.P. bank credit agreement	$ 225,000
Plains Scurlock bank credit agreement	85,100
Plains Marketing, L.P. letter of credit and borrowing facility	13,719
Secured term credit facility	45,000
Subordinated note payable - general partner	114,000
	$ 482,819

Concurrently with the closing of our initial public offering in November 1998, we entered into a $225.0 million bank credit agreement that includes a $175.0 million term loan facility and a $50.0 million revolving credit facility. As a result of the unauthorized trading losses discovered in November 1999, the facility was in default of certain covenants, with those defaults being subsequently waived and the facility amended in December. The bank credit agreement is secured by a lien on substantially all of our assets except the assets which secure the Plains Scurlock credit facility. We may borrow up to $50.0 million under the revolving credit facility for acquisitions, capital improvements, working capital and general business purposes. At December 31, 1999, we had $175.0 million outstanding under the term loan facility and $50.0 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 term loan and revolving credit facility bear interest at our option at either the base rate, as defined, plus an applicable margin, or reserve adjusted LIBOR plus an applicable margin. We incur a commitment fee on the unused portion of the revolving credit facility.

Plains Scurlock has a bank credit agreement which consists of a five-year $82.6 million term loan facility and a three-year $35.0 million revolving credit facility. The Plains Scurlock credit facility is nonrecourse to Plains All American Pipeline, Plains Marketing, L.P. and All American Pipeline, L.P. and is secured by substantially all of the assets of Plains Scurlock Permian, L.P. and its subsidiaries, including the Scurlock assets and the West Texas Gathering System. Borrowings

under the term loan and revolving credit facility bear interest at LIBOR plus the applicable margin. A commitment fee equal to 0.5% per year is charged on the unused portion of the revolving credit facility. The revolving credit facility, which may be used for borrowings or letters of credit to support crude oil purchases, matures in May 2002. The term loan provides for principal amortization of $0.7 million annually beginning May 2000, with a final maturity in May 2004. As of December 31, 1999, letters of credit of approximately $29.5 million were outstanding under the revolver and borrowings of $82.6 million and $2.5 million were outstanding under the term loan and revolver, respectively. The term loan was reduced to $82.6 million from $126.6 million with proceeds from our October 1999 public unit offering.

We have a letter of credit and borrowing facility, the purpose of which is to provide standby letters of credit to support the purchase and exchange of crude oil for resale and borrowings to finance crude oil inventory which has been hedged against future price risk or designated as working inventory. As a result of the unauthorized trading losses discovered in November 1999, the facility was in default of certain covenants, with those defaults being subsequently waived and the facility amended in December 1999. As amended, the letter of credit facility has a sublimit for cash borrowings of $40.0 million at December 31, 1999, with decreasing amounts thereafter through April 30, 2000, at which time the sublimit is eliminated. The letter of credit and borrowing facility provides for an aggregate letter of credit availability of $295.0 million in December 1999, $315.0 million in January 2000, and thereafter decreasing to $239.0 million in February through April 2000, to $225.0 million in May and June 2000, and to $200.0 million in July 2000 through July 2001. 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 of our current assets and current liabilities, primarily accounts receivable and accounts payable related to the purchase and sale of crude oil. This facility is secured by a lien on substantially all of our assets except the assets which secure the Plains Scurlock credit facility. At December 31, 1999, there were letters of credit of approximately $292.0 million and borrowings of $13.7 million outstanding under this facility.

On December 30, 1999, we entered into a $65.0 million senior secured term credit facility to fund short-term working capital requirements resulting from the unauthorized trading losses. The facility was secured by a portion of the 5.2 million barrels of linefill that was sold and receivables from certain sales contracts applicable to the linefill. The facility had a maturity date of March 24, 2000 and was repaid with the proceeds from the sale of the linefill securing the facility. At December 31, 1999, there were borrowings of $45.0 million outstanding.

All of our credit agreements contain prohibitions on distributions on, or purchases or redemptions of, units if any default or event of default is continuing. In addition, our facilities contain various covenants limiting our ability to:

- incur indebtedness;
- grant liens;
- sell assets in excess of certain limitations;
- engage in transactions with affiliates;
- make investments;
- enter into hedging contracts; and
- enter into a merger, consolidation or sale of assets.

Each of our facilities treats a change of control as an event of default. In addition, the terms of our letter of credit and borrowing facility and our bank credit agreement require lenders' consent prior to the payment of distributions to unitholders and require us to maintain:

- a current ratio of 1.0 to 1.0:
- a debt coverage ratio which is not greater than 5.0 to 1.0;
- an interest coverage ratio which is not less than 3.0 to 1.0;
- a fixed charge coverage ratio which is not less than 1.25 to 1.0; and
- a debt to capital ratio of not greater than 0.60 to 1.0.

The terms of the Plains Scurlock bank credit agreement require Plains Scurlock to maintain at the end of each quarter:

- a debt coverage ratio of 6.0 to 1.0 from October 1, 1999 through June 30, 2000; 5.0 to 1.0 from July 1, 2000 through June 30, 2001; and 4.0 to 1.0 thereafter; and
- an interest coverage ratio of 2.0 to 1.0 from October 1, 1999 through June 30, 2000 and 2.5 to 1.0 thereafter.

In addition, the Plains Scurlock bank credit agreement contains limitations on the Plains Scurlock operating partnership's ability to make distributions to us if its indebtedness and current liabilities exceed certain levels as well as the amount of expansion capital it may expend.

In December 1999, our general partner loaned us $114.0 million. This subordinated debt is due not later than November 30, 2005. Proceeds from the notes were used for working capital requirements created by the unauthorized trading losses. The notes are subordinated in right of payment to all existing senior indebtedness and bear interest at the same LIBOR rate as our letter of credit and borrowing facility. Interest on the notes is payable monthly, but payment of interest requires the permission of certain of our lenders. Any interest not paid when due is added to the principal of the notes, at the option of our general partner.

We are currently in discussions with our lenders to restructure and consolidate our various credit facilities. If completed, this will enable us to increase our current bank credit facilities (excluding short-term credit facility and the letter of credit and borrowing facility) from total capacity of approximately $342.6 million to approximately $350.0 million. In addition, we are in discussions to restructure and increase the size of our letter of credit and borrowing facility, which will provide us the ability to enter into contango inventory transactions. Although there can be no assurance we will be successful in restructuring the facilities, we believe these facilities, combined with cash flow from operating activities and the sale of the linefill and segment of the All American Pipeline, will provide us with additional flexibility and liquidity, including liquidity required to meet our obligations and to make distributions to our unitholders.

Cash Flows

	Year Ended December 31,		
(in millions)	1999	1998	1997
		(restated) (combined) (unaudited)	(predecessor)
Cash provided by (used in):			
Operating activities	$ (106.2)	$ 29.8	$ (12.9)
Investing activities	(186.1)	(402.7)	(1.9)
Financing activities	340.5	386.4	14.3

Operating Activities. Net cash used in operating activities in 1999 resulted from the unauthorized trading losses. The losses were partially offset by increased margins due to the Scurlock and West Texas Gathering System acquisitions.

Investing Activities. Net cash used in investing activities for 1999 included approximately $177.0 million for acquisitions, primarily for the Scurlock and West Texas gathering system, $10.9 million for expansion capital and $1.7 million for maintenance capital. Approximately $5.0 million and $4.2 million, respectively, related to the Cushing terminal expansion is included in expansion capital expenditures for 1999 and 1998, respectively. Net cash used in investing activities for 1998 consisted primarily of approximately $394.0 million for the purchase of the All American Pipeline and SJV Gathering System. We estimate that capital expenditures necessary to maintain our existing asset base at current operating levels will be approximately $4.0 million to $5.0 million each year.

Financing activities. Cash provided by financing activities in 1999 was generated from net issuances of (1) $76.5 million in common and Class B units, (2) $184.1 million of short-term and long-term debt and (3) $114.0 million of two subordinated notes to our general partner. Cash inflows from financing activities during 1998 included (1) $283.8 million from the net issuance of short-term and long-term debt and (2) a capital contribution of approximately $113.7 million from our general partner primarily in connection with the acquisition of the All American Pipeline and SJV Gathering System.

Subject to the consent of our lenders, we will distribute 100% of our available cash within 45 days after the end of each quarter to unitholders of record and to our general partner. Available cash is generally defined as all of our cash and cash equivalents on hand at the end of the quarter less reserves established by our general partner for future requirements. Minimum quarterly distributions are $0.45 for each full fiscal quarter. Distributions of available cash to the holders of subordinated units are subject to the prior rights of the holders of common units to receive the minimum quarterly distributions for each quarter during the subordination period, and to receive any arrearages in the distribution of minimum quarterly distributions on the common units for prior quarters during the subordination period. The expiration of the subordination period will generally not occur prior to December 31, 2003.

Cash distributions paid to unitholders on our outstanding common units, Class B units and subordinated units in 1999 were $51.7 million. Included in this amount is $5.9 million representing distributions for the period from our inception, November 23, 1998 through December 31, 1998. On February 14, 2000, we paid a cash distribution of $0.45 per unit on our outstanding common units and Class B units. The distribution was paid to unitholders of record on February 7, 2000 for the period covering October 1, 1999 through December 31, 1999. The total distribution paid was approximately $11.2 million, with approximately $7.2 million paid to our public unitholders and the remainder paid to our general partner for its limited and general partner interests. We received the requisite consent from our lenders to pay the fourth quarter distribution. No distribution was declared on the subordinated units owned by our general partner.

Contingencies

Since our announcement in November 1999 of our losses resulting from unauthorized trading by a former employee, numerous class action lawsuits have been filed against us, certain of our general partner's officers and directors and in some of these cases, our general partner and Plains Resources Inc. alleging violations of the federal securities laws. In addition, derivative lawsuits were filed in the Delaware Chancery Court against our general partner, its directors and certain of its officers alleging the defendants breached the fiduciary duties owed to us and our unitholders by failing to monitor properly the activities of our traders. See Item 3. - "Legal Proceedings".

We may experience future releases of crude oil into the environment from our pipeline and storage operations, or discover releases that were previously unidentified. While we maintain an extensive inspection program designed to prevent and, as applicable, to detect and address such releases promptly, damages and liabilities incurred due to any future environmental releases from our assets may substantially affect our business.

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 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 so, the type of hedge transaction. For fair value hedge transactions in which we are 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 we are 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. This statement was amended by Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 ("SFAS 137") issued in June 1999. SFAS 137 defers the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. We are required to adopt this statement beginning in 2001. We have not yet determined the effect that the adoption of SFAS 133 will have on our financial position or results of operations.

YEAR 2000

Year 2000 Project. In order to address the Year 2000 issue, we initiated a Year 2000 project. We incurred approximately $0.8 million through December 31, 1999, in connection with our Year 2000 project, approximately $0.4 million of which were costs paid to third parties. We did not encounter any critical system application, hardware or equipment failures during the date roll over to the Year 2000, and have not experienced any disruptions of business activities as a result of Year 2000 failures by our customers, suppliers, service providers or business partners.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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

Commodity Price Risk. The fair value of outstanding derivative instruments and the change in fair value that would be expected from a 10 percent adverse price change are shown in the table below (in millions):

	DECEMBER 31,			
	1999		1998	
	Fair Value	10% Adverse Price Change	Fair Value	10% Adverse Price Change
Crude oil :				
Futures contracts	$ -	$ (2.8)	$ 1.8	$ (0.3)
Swaps and options contracts	(0.6)	(0.1)	-	-

The fair values of the futures contracts are based on quoted market prices obtained from the NYMEX. The fair value of the swaps are estimated based on quoted prices from independent reporting services compared to the contract price of the swap which approximate the gain or loss that would have been realized if the contracts had been closed out at year end. All hedge positions offset physical positions exposed to the cash market; none of these offsetting physical positions are included in the above table. Price-risk sensitivities were calculated by assuming an across-the-board 10 percent adverse change in prices regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an actual 10 percent change in prompt month crude prices, the fair value of our derivative portfolio would typically change less than that shown in the table due to lower volatility in out-month prices.

Interest Rate Risk. Our debt instruments are sensitive to market fluctuations in interest rates. The table below presents principal payments and the related weighted average interest rates by expected maturity dates for debt outstanding at December 31, 1999. Our variable rate debt bears interest at LIBOR plus the applicable margin. The average interest rates presented below are based upon rates in effect at December 31, 1999. The carrying value of variable rate bank debt approximates fair value as interest rates are variable, based on prevailing market rates (dollars in millions).

	Expected Year of Maturity							
	2000	2001	2002	2003	2004	Thereafter	Total	Fair Value
LIABILITIES:								
Short-term debt - variable rate	$ 58.7	$ -	$ -	$ -	$ -	$ -	$ 58.7	$ 58.7
Average interest rate	8.74%						8.74%	
Long-term debt - variable rate	50.8	0.6	3.2	0.7	80.0	289.0	424.1	424.1
Average interest rate	8.45%	9.06%	9.40%	9.06%	9.06%	8.44%	8.57%	

At December 31, 1998, the carrying value of short-term and long-term debt of $9.7 million and $175.0 million, respectively, approximated fair value.

Interest rate swaps and collars are used to hedge underlying debt obligations. These instruments hedge specific debt issuances and qualify for hedge accounting. The interest rate differential is reflected as an adjustment to interest expense over the life of the instruments. At December 31, 1999, we had interest rate swap and collar arrangements for an aggregate notional principal amount of $215.0 million, which positions had an aggregate value of approximately $0.4 million as of such date. These instruments are based on LIBOR margins and generally provide for a floor of 5% and a ceiling of 6.5% for $90.0 million of debt and a floor of 6% and a ceiling of 8% for $125.0 million of debt. In August 1999, we terminated our swap arrangements on an aggregate notional principal amount of $175.0 million and we received consideration in the amount of approximately $10.8 million.

At December 31, 1998, we had an interest rate swap arrangement for an aggregate notional principal amount of $175.0 million and would have been required to pay approximately $2.2 million to terminate the instrument at that date.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required here is included in the report as set forth in that "Index to Financial Statements" on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF OUR GENERAL PARTNER

PARTNERSHIP MANAGEMENT

Our general partner manages our operations and activities. Unitholders do not directly or indirectly participate in our management or operation. Our general partner owes a fiduciary duty to the unitholders. As a general partner, our general partner is liable for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically non-recourse to it. Whenever possible, our general partner intends to incur indebtedness or other obligations on a non-recourse basis.

Two members of the board of directors of our general partner serve on a conflicts committee that reviews specific matters that the board believes may involve conflicts of interest between our general partner and Plains All American Pipeline. The conflicts committee determines if the resolution of a conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties owed to us. In addition, the members of the conflicts committee also serve on an audit committee which reviews our external financial reporting, recommends engagement of our independent auditors and reviews procedures for internal auditing and the adequacy of our internal accounting controls.

As is commonly the case with publicly-traded limited partnerships, we are managed and operated by the officers and are subject to the oversight of the directors of our general partner. Most of our operational personnel are employees of our general partner.

Some officers of our general partner may spend a substantial amount of time managing the business and affairs of Plains Resources and its affiliates. These officers may face a conflict regarding the allocation of their time between our business and the other business interests of Plains Resources. Our general partner intends to cause its officers to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs.

DIRECTORS AND EXECUTIVE OFFICERS OF OUR GENERAL PARTNER

The following table sets forth certain information with respect to the executive officers and members of the Board of Directors of our general partner. Executive officers and directors are elected for one year terms.

NAME	AGE	POSITION WITH OUR GENERAL PARTNER
Greg L. Armstrong	41	Chairman of the Board, Chief Executive Officer and Director
Harry N. Pefanis	42	President, Chief Operating Officer and Director
Phillip D. Kramer	44	Executive Vice President and Chief Financial Officer
George R. Coiner	48	Senior Vice President
Michael R. Patterson	52	Senior Vice President, General Counsel and Secretary
Michael J. Latiolais	45	Vice President - Administration
Mark F. Shires	42	Vice President - Operations
Cynthia A. Feeback	42	Treasurer
Everardo Goyanes	55	Director and Member of Audit and Conflicts Committees
Robert V. Sinnott	50	Director and Member of Audit and Compensation Committees
Arthur L. Smith	47	Director and Member of Audit, Conflicts and Compensation Committees

Greg L. Armstrong has served as Chairman of the Board, Chief Executive Officer and Director of our general partner since its formation. In addition, he has been President, Chief Executive Officer and Director of Plains Resources since 1992. He previously served Plains Resources as: President and Chief Operating Officer from October to December 1992; Executive Vice President and Chief Financial Officer from June to October 1992; Senior Vice President and Chief Financial Officer from 1991 to 1992; Vice President and Chief Financial Officer from 1984 to 1991; Corporate Secretary from 1981 to 1988; and Treasurer from 1984 to 1987.

Harry N. Pefanis has served as President, Chief Operating Officer and Director of our general partner since its formation. In addition, he has been Executive Vice President - Midstream of Plains Resources since May 1998. He previously served Plains Resources as: Senior Vice President from February 1996 until May 1998; Vice President - Products Marketing from 1988 to February 1996; Manager of Products Marketing from 1987 to 1988; and Special Assistant for Corporate Planning from 1983 to 1987. Mr. Pefanis was also President of the Plains Midstream Subsidiaries until the formation of Plains All American Pipeline.

Phillip D. Kramer has served as Executive Vice President and Chief Financial Officer of our general partner since its formation. In addition, he has been Executive Vice President, Chief Financial Officer and Treasurer of Plains Resources since May 1998. He previously served Plains Resources as: Senior Vice President, Chief Financial Officer and Treasurer from May 1997 until May 1998; Vice President, Chief Financial Officer and Treasurer from 1992 to 1997; Vice President and Treasurer from 1988 to 1992; Treasurer from 1987 to 1988; and Controller from 1983 to 1987.

George R. Coiner has served as Senior Vice President of our general partner since its formation. In addition, he was Vice President of Plains Marketing & Transportation Inc., a Plains Midstream Subsidiary, since November 1995. Prior to joining Plains Marketing & Transportation Inc., he was Senior Vice President, Marketing with Scurlock Permian Corp.

Michael R. Patterson has served as Senior Vice President, General Counsel and Secretary of our general partner since its formation. In addition, he has been Vice President, General Counsel and Secretary of Plains Resources since 1988. He previously served Plains Resources as Vice President and General Counsel from 1985 to 1988.

Michael J. Latiolais has served as Vice President - Administration of our general partner since August 1999 and as Controller of our general partner from July 1998 through August 1999. In addition, he was Vice President and Controller for All American Pipeline Company, Celeron Gathering Corporation and Celeron Trading & Transportation Company from 1994 until such companies were merged into the operating partnerships of Plains All American Pipeline. He served as Controller of such companies from 1985 to 1994.

Mark F. Shires has served as Vice President - Operations of our general partner since August 1999. He served as Manager of Operations for our general partner from April 1999 until August 1999 when he was elected to his current position. In addition, he was a business consultant from 1996 until April 1999. He served as a consultant to Plains Marketing & Transportation Inc. and Plains All American Pipeline from May 1998 until April 1999. He previously served as President of Plains Terminal & Transfer Corporation, a Plains Midstream Subsidiary, from 1993 to 1996.

Cynthia A. Feeback has served as Treasurer of our general partner since its formation. In addition, she has been Vice President - Accounting and Assistant Treasurer of Plains Resources since May 1999. She previously served Plains Resources as Assistant Treasurer, Controller and Principal Accounting Officer from May 1998 to May 1999; Controller and Principal Accounting Officer from 1993 to 1998; Controller from 1990 to 1993; and Accounting Manager from 1988 to 1990.

Everardo Goyanes has served as a Director and a member of Audit and Conflicts Committees since May 1999. Mr. Goyanes is a financial consultant specializing in natural resources. From 1989 to 1998, he was Managing Director of the Natural Resources Group of ING Baring Furman Selz (a commercial banking firm). He was a financial consultant from 1987 to 1989 and was Vice President - Finance of Forest Oil Corporation from 1983 to 1987.

Robert V. Sinnott has served as a Director and a member of Audit and Compensation Committees since September 1998. Mr. Sinnott has been Vice President of Kayne Anderson Investment Management, Inc. (an investment management firm) since 1992. He was Vice President and Senior Securities Officer of the Investment Banking Division of Citibank from 1986 to 1992. He is also a director of Plains Resources and Glacier Water Services, Inc. (a vended water company).

Arthur L. Smith has served as a Director and a member of Audit, Conflicts and Compensation Committees since February 1999. Mr. Smith is Chairman of John S. Herold, Inc. (a petroleum research and consulting firm), a position he has held since 1984. For the period from May 1998 to October 1998, he served as Chairman and Chief Executive Officer of Torch Energy Advisors Incorporated. He is also a director of Cabot Oil & Gas Corporation. Mr. Smith served as a director of Pioneer Natural Resources Company from 1997 to 1998 and of Parker & Parsley Petroleum Company from 1991 to 1997.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities and Exchange Act of 1934 requires directors, officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of such equity securities. Such persons are also required to

furnish us with copies of all Section 16(a) forms that they file. Based solely upon a review of the copies of Forms 3, 4 and 5 furnished to us, or written representations from certain reporting persons that no Forms 5 were required, we believe that during 1999 our officers and directors complied with all filing requirements with respect to our equity securities.

REIMBURSEMENT OF EXPENSES OF OUR GENERAL PARTNER AND ITS AFFILIATES

Our general partner does not receive any management fee or other compensation in connection with its management of Plains All American Pipeline. However, our general partner and its affiliates, including Plains Resources, perform services for us and are reimbursed by us for all expenses incurred on our behalf, including the costs of employee, officer and director compensation and benefits properly allocable to us, as well as all other expenses necessary or appropriate to the conduct of our business and properly allocable to us. The partnership agreement provides that our general partner will determine the expenses that are allocable to us in any reasonable manner determined by our general partner in its sole discretion.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

We were formed in September 1998 but conducted no business until late November 1998. Accordingly, prior to 1999, no officer of our general partner received salary and bonus compensation for services to the partnership in excess of $100,000. Messrs. Armstrong, Pefanis, Kramer and Patterson and Ms. Feeback are compensated by Plains Resources and do not receive compensation from our general partner with the exceptions of awards to Messrs. Armstrong and Pefanis under the Long-Term Incentive Plan and the Transaction Grant Agreements described below. However, we reimburse our general partner and its affiliates, including Plains Resources for expenses incurred on our behalf, including the costs of officer compensation properly allocable to us. See Item 13. - "Certain Relationships and Related Transactions - Relationship with Plains Resources". The following table sets forth certain compensation information for all executive officers of our general partner who received salary and bonus compensation from our general partner in excess of $100,000 in 1999 (the "Named Executive Officers").

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation	Other Compensation
		Salary	Bonus	LTIP Payouts	
George Coiner Senior Vice President	1999	$ 180,956	$ 295,000 (1)	$ 167,073 (2)	$ 10,000 (3)
Michael J. Latiolais Vice President - Administration	1999	152,267	76,133	-	10,000 (3) 71,110 (4)
Mark F. Shires Vice President - Operations	1999	160,792 (5)	77,500	-	-

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(1) Paid under Management Incentive Plan. See " - Management Incentive Plan" below.
(2) Represents the value of 11,111 common units as of December 31, 1999 plus distribution equivalent rights with respect to such units, which vested under the Transaction Grant Agreement. See - "Transaction Grant Agreements" below.
(3) Plains Resources matches 100% of an employee's contribution to its 401(k) Plan (subject to certain limitations in the plan), with such matching contribution being made 50% in cash and 50% in Plains Resources Common Stock (the number of shares for the stock match being based on the market value of the Common Stock at the time the shares are granted).
(4) Represents reimbursement of moving and relocation expenses.
(5) Includes $51,000 for consulting fees we paid to Mr. Shires prior to his becoming an employee of our general partner in April 1999.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

Plains Resources has an employment agreement with Mr. Armstrong which expires on March 1, 2002 (unless extended pursuant to the terms thereof) and provides for a current base salary of $330,000 per year, subject to annual review. If Mr. Armstrong's employment is terminated without cause, he will be entitled to receive an amount equal to two times his annual base salary. If his employment is terminated as a result of a change in control of Plains Resources, he will be entitled to receive an amount equal to three times the aggregate of his annual base salary and bonus. In either event, Mr. Armstrong will be entitled to receive medical benefits for two years following the date of his termination. Under Mr. Armstrong's agreement, a change in control of Plains Resources is defined as the directors in office on the date of the agreement ceasing to constitute a majority of the Board of Directors of Plains Resources.

Plains Resources also has an employment agreement with Mr. Pefanis, under which Mr. Pefanis serves as Executive Vice President of Plains Resources as well as President and Chief Operating Officer of our general partner and is responsible for our overall operations. The employment agreement provides that Plains Resources will not require Mr. Pefanis to engage in activities that materially detract from his duties and responsibilities as an officer of our general partner. The initial term of the employment agreement runs through November 23, 2001, subject to annual extensions and includes confidentiality, nonsolicitation and noncompete provisions, which, in general, will continue for two years following termination of Mr. Pefanis' employment. The employment agreement provides for an annual base salary of $235,000, subject to annual review. If Mr. Pefanis' employment is terminated without cause, he will be entitled to receive an amount equal to two times his base salary. Upon a Change in Control of Plains Resources or a Marketing Operations Disposition (as such terms are defined in the employment agreement), the term of the employment agreement will be automatically extended for three years, and if Mr. Pefanis' employment is terminated during the one-year period following either event by him for a Good Reason or by Plains Resources other than for death, disability or Cause (as such terms are defined in the employment agreement), he will be entitled to a lump sum severance amount equal to three times the sum of (1) his highest rate of annual base salary and (2) the largest annual bonus paid during the three preceding years.

Long-Term Incentive Plan

Our general partner has adopted the Plains All American Inc. 1998 Long-Term Incentive Plan for employees and directors of our general partner and its affiliates who perform services for us. The Long-Term Incentive Plan consists of two components, a restricted unit plan and a unit option plan. The Long-Term Incentive Plan currently permits the grant of restricted units and unit options covering an aggregate of 975,000 common units. The plan is administered by the Compensation Committee of our general partner's board of directors.

Restricted Unit Plan. A restricted unit is a "phantom" unit that entitles the grantee to receive a common unit upon the vesting of the phantom unit. As of March 15, 2000, an aggregate of approximately 500,000 restricted units have been authorized for grants to employees of our general partner, 170,000 of which have been granted with the remaining 330,000 to be granted in the near future. Grants made include 60,000, 30,000 and 12,500 units to Messrs. Pefanis, Coiner and Latiolais, respectively. The Compensation Committee may, in the future, make additional grants under the plan to employees and directors containing such terms as the Compensation Committee shall determine. In general, restricted units granted to employees during the subordination period will vest only upon, and in the same proportions as, the conversion of the subordinated units to common units. Grants made to non-employee directors of our general partner will be eligible to vest prior to termination of the subordination period.

If a grantee terminates employment or membership on the board for any reason, the grantee's restricted units will be automatically forfeited unless, and to the extent, the Compensation Committee provides otherwise. Common units to be delivered upon the vesting of rights may be common units acquired by our general partner in the open market, common units already owned by our general partner, common units acquired by our general partner directly from us or any other person, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the cost incurred in acquiring common units. If we issue new common units upon vesting of the restricted units, the total number of common units outstanding will increase. Following the subordination period, the Compensation Committee, in its discretion, may grant tandem distribution equivalent rights with respect to restricted units.

The issuance of the common units pursuant to the restricted unit plan is primarily intended to serve as a means of incentive compensation for performance. Therefore, no consideration will be paid to us by the plan participants upon receipt of the common units.

Unit Option Plan. The Unit Option Plan currently permits the grant of options covering common units. No grants have been made under the Unit Option Plan to date. However, the Compensation Committee may, in the future, make grants under the plan to employees and directors containing such terms as the committee shall determine, provided that unit options have an exercise price equal to the fair market value of the units on the date of grant. Unit options granted during the subordination period will become exercisable automatically upon, and in the same proportions as, the conversion of the subordinated units to common units, unless a later vesting date is provided.

Upon exercise of a unit option, our general partner will deliver common units acquired by it in the open market, purchased directly from us or any other person, or use common units already owned by our general partner, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the difference between the cost incurred by our general partner in acquiring such common units and the proceeds received by our general partner from an optionee at the time of exercise. Thus, the cost of the unit options will be borne by us. If we issue new common units upon

exercise of the unit options, the total number of common units outstanding will increase, and our general partner will remit to us the proceeds received by it from the optionee upon exercise of the unit option.

The unit option plan has been designed to furnish additional compensation to employees and directors and to align their economic interests with those of the common unitholders. Our general partner's board of directors in its discretion may terminate the Long-Term Incentive Plan at any time with respect to any common units for which a grant has not yet been made. Our general partner's board of directors also has the right to alter or amend the Long-Term Incentive Plan or any part of the plan from time to time, including increasing the number of common units with respect to which awards may be granted; provided, however, that no change in any outstanding grant may be made that would materially impair the rights of the participant without the consent of such participant.

TRANSACTION GRANT AGREEMENTS

In addition to the grants made under the Restricted Unit Plan described above, our general partner, at no cost to us, agreed to transfer approximately 400,000 of its affiliates' common units (including distribution equivalent rights attributable to such units) to certain key employees of our general partner. A grant covering 50,000 of such common units was terminated in 1999. Generally, approximately 69,444 of the remaining common units vest in each of the years ending December 31, 1999, 2000 and 2001 if the operating surplus generated in such year equals or exceeds the amount necessary to pay the minimum quarterly distribution on all outstanding common units and the related distribution on the general partner interest. If a tranche of common units does not vest in a particular year due to a common unit arrearage, such common units will vest at the time the common unit arrearages for such year have been paid. In addition, approximately 47,224 of the remaining common units vest in each of the years ending December 31, 1999, 2000 and 2001 if the operating surplus generated in such year exceeds the amount necessary to pay the minimum quarterly distribution on all outstanding common units and subordinated units and the related distribution on the general partner interest. In 1999, approximately 69,444 of such common units vested and 47,224 of such common units remain unvested as no distribution on the subordinated units was made for the fourth quarter of 1999. Any common units remaining unvested shall vest upon, and in the same proportion as, the conversion of subordinated units to common units. Distribution equivalent rights are paid in cash at the time of the vesting of the associated common units. Notwithstanding the foregoing, all common units become vested if Plains All American Inc. is removed as our general partner prior to January 1, 2002.

The compensation expense incurred in connection with these grants will be funded by our general partner, without reimbursement by us. Under these grants, 75,000 common units were allocated to each of Messrs. Armstrong and Pefanis and 50,000 common units were allocated to Mr. Coiner.

MANAGEMENT INCENTIVE PLAN

Our general partner has adopted the Plains All American Inc. Management Incentive Plan. The Management Incentive Plan is designed to enhance the performance of our general partner's key employees by rewarding them with cash awards for achieving quarterly and/or annual financial performance objectives. The Management Incentive Plan is administered by the Compensation Committee. Individual participants and payments, if any, for each fiscal quarter and year are determined by and in the discretion of the Compensation Committee. Any incentive payments are at the discretion of the Compensation Committee, and our general partner may amend or change the Management Incentive Plan at any time. Our general partner is entitled to reimbursement by us for payments and costs incurred under the plan.

COMPENSATION OF DIRECTORS

Each director of our general partner who is not an employee of our general partner is paid an annual retainer fee of $20,000, an attendance fee of $2,000 for each board meeting he attends (excluding telephonic meetings), an attendance fee of $500 for each committee meeting or telephonic board meeting he attends plus reimbursement for related out-of-pocket expenses. Messrs. Armstrong and Pefanis, as officers of our general partner, are otherwise compensated for their services to our general partner and therefore receive no separate compensation for their services as directors of our general partner.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of units held by beneficial owners of 5% or more of the units, by directors and officers of our general partner and by all directors and executive officers of our general partner as a group as of March 15, 2000.

Name of Beneficial Owner	Common Units	Percentage of Common Units	Class B Common Units	Percentage of Class B Units	Subordinated Units	Percentage of Subordinated Units	Percentage of Total Units
Plains Resources Inc. (1)	6,904,795 (3)	30.0%	1,307,190	100.0%	10,029,619	100%	53.1%
Plains All American Inc. (2)	6,904,795 (3)	30.0%	1,307,190	100.0%	10,029,619	100%	53.1%
Goldman, Sachs & Co.	1,278,325 (4)	5.6%	-	-	-	-	3.7%
Greg L .Armstrong	95,000 (3)	(6)	-	-	-	-	(6)
Harry N. Pefanis	147,000 (3)(5)	(6)	-	-	-	-	(6)
Phillip D. Kramer	6,000	(6)	-	-	-	-	(6)
George R. Coiner	85,000 (3)(5)	(6)	-	-	-	-	(6)
Michael R. Patterson	7,000	(6)	-	-	-	-	(6)
Michael J. Latiolais	12,500 (5)	(6)	-	-	-	-	(6)
Mark F. Shires	-	(6)	-	-	-	-	(6)
Cynthia A. Feeback	500	(6)	-	-	-	-	(6)
Everado Goyanes	-	(6)	-	-	-	-	(6)
Robert V. Sinnot	5,000	(6)	-	-	-	-	(6)
Arthur L. Smith	7,500	(6)	-	-	-	-	(6)
All directors and executive officers as a group (11 persons)	365,500	1.6% (7)	-	-	-	-	1.1% (7)

(1) Plains Resources Inc. is the sole stockholder of Plains All American Inc., our general partner. The address of Plains Resources Inc. is 500 Dallas, Suite 700, Houston, Texas 77002.

(2) The address of Plains All American Inc. is 500 Dallas, Suite 700, Houston, Texas 77002. The record holder of such common units and subordinated units is PAAI LLC, a wholly-owned subsidiary of Plains All American Inc., whose address is 500 Dallas, Suite 700, Houston, Texas 77002.

(3) Includes 280,556 common units owned by affiliates of our general partner to be transferred to employees pursuant to transaction grant agreements, subject to certain vesting conditions. The recipients and their initial grants included: Mr. Armstrong - 75,000 (8,333 units currently vested); Mr. Pefanis - 75,000 (16,667 units currently vested); and Mr. Coiner - 50,000 (11,111 units currently vested). See Item 11. - "Executive Compensation - Transaction Grant Agreements".

(4) The address for Goldman, Sachs & Co. and its parent, the Goldman Sachs Group, Inc., is 85 Broad Street, New York, New York 10004. Goldman, Sachs & Co., a broker/dealer, and its parent, the Goldman Sachs Group, Inc., are deemed to have shared voting power and shared disposition power over 1,278,325 common units owned by their customers.

(5) Includes the following unvested common units issuable under the Long-Term Incentive Plan to: Mr. Pefanis - 60,000; Mr. Coiner - 30,000; and Mr. Latiolais - 12,500. See Item 11. - "Executive Compensation - Long-Term Incentive Plan."

(6) Less than one percent.

(7) Assumes the vesting of the units granted pursuant to the transaction grant agreements and under the long-term incentive plan as described in footnotes (3) and (5) above to the named officers and directors. See Item 11. - "Executive Compensation - Long-Term Incentive Plan" for vesting conditions of these grants.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RIGHTS OF OUR GENERAL PARTNER

Our general partner and its affiliates own 8,211,985 common units, including 1,307,190 Class B common units, and 10,029,619 subordinated units, representing an aggregate 52.5% limited partner interest in the Plains All American Pipeline. In addition, our general partner owns an aggregate 2% general partner interest in Plains All American Pipeline and the operating partnerships on a combined basis. Through our general partner's ability, as general partner, to manage and operate Plains All American Pipeline and the ownership of 8,211,985 common units, including 1,307,190 Class B common units, and all of the outstanding subordinated units by our general partner and its affiliates (effectively giving our general partner the ability to veto certain actions of Plains All American Pipeline), our general partner has the ability to control the management of Plains All American Pipeline.

RELATIONSHIP WITH PLAINS RESOURCES

General

Plains Resources controls our general partner, which is its wholly-owned subsidiary. We have extensive ongoing relationships with Plains Resources. These relationships include but are not limited to:

- an Omnibus Agreement that provides for (1) the resolution of certain conflicts arising from the fact that we and Plains Resources conduct related businesses and (2) our general partner's indemnification of us for certain matters; and
- a Marketing Agreement with Plains Resources that provides for the marketing of Plains Resources' equity crude oil production.

Transactions with Affiliates

On May 12, 1999, Plains Scurlock Permian, L.P., a limited partnership of which Plains All American Inc. is our general partner and Plains Marketing, L.P. is the limited partner, completed the acquisition of Scurlock Permian LLC from Marathon Ashland Petroleum LLC. See Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources, Liquidity and Financial Condition". To finance a portion of the purchase price, we sold 1.3 million Class B common units to our general partner at $19.125 per unit, the market value of our common units on May 12, 1999.

The Class B units are initially pari passu with common units with respect to distributions, and are convertible into common units upon approval of a majority of the common unitholders. The Class B unitholders may request that we call a meeting of common unitholders to consider approval of the conversion of Class B units into common units. If the approval of a conversion by the common unitholders is not obtained within 120 days of a request, each Class B unitholder will be entitled to receive distributions, on a per unit basis, equal to 110% of the amount of distributions paid on a common unit, with such distribution right increasing to 115% if such approval is not secured within 90 days after the end of the 120-day period. Except for the vote to approve the conversion, Class B units have the same voting rights as the common units.

For the year ended December 31, 1999, Plains Resources produced approximately 20,400 barrels per day which were subject to the Marketing Agreement. We paid approximately $131.5 million for such production and recognized profits of approximately $1.5 million under the terms of that agreement.

Our general partner has sole responsibility for conducting our business and managing our operations and owns all of the incentive distribution rights. Some of the senior executives who currently manage our business also manage and operate the business of Plains Resources. Our general partner does not receive any management fee or other compensation in connection with its management of our business, but it is reimbursed for all direct and indirect expenses incurred on our behalf. For the year ended December 31, 1999, our general partner and its affiliates incurred $44.7 million of direct and indirect expenses on our behalf. Of this amount, $142,000 and $212,000 represented reimbursement for the services of Messrs. Armstrong and Pefanis, respectively, as officers of our general partner.

In December 1999, following the losses we incurred as a result of the unauthorized trading activity by a former employee, our general partner loaned us approximately $114.0 million. This subordinated debt is due not later than November 30, 2005. Funding to our general partner for these loans was provided by Plains Resources. See Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources, Liquidity and Financial Condition".

Indemnity from Our General Partner

In connection with the acquisition of the All American Pipeline and the SJV Gathering System in July 1998, Wingfoot agreed to indemnify our general partner for certain environmental and other liabilities. The indemnity is subject to limits of:

- $10.0 million with respect to matters of corporate authorization and title to shares;
- $21.5 million with respect to condition of rights-of-way, lease rights and undisclosed liabilities and litigation; and
- $30.0 million with respect to environmental liabilities resulting from certain undisclosed and pre-existing conditions.

Wingfoot has no liability, however, until the aggregate amount of losses, with respect to each such category exceeds $1.0 million. These indemnities will remain in effect until July 2000, with the exception of the environmental indemnity, which will remain in effect until July 2001. However, upon the transfer to an unaffiliated third party of a major portion of the assets acquired from Wingfoot, the indemnities automatically terminate. The environmental indemnity is also subject to certain sharing ratios which change based on whether the claim is made in the first, second or third year of the indemnity as well as the amount of such claim. We have also agreed to be solely responsible for the cumulative aggregate amount of losses resulting from the oil leak from the All American Pipeline to the extent such losses do not exceed $350,000. Any costs in excess of $350,000 will be applied to the $1.0 million deductible for the Wingfoot environmental indemnity. Our general partner has agreed to indemnify us for environmental and other liabilities to the extent it is indemnified by Wingfoot. However, if the sale of the linefill from the All American Pipeline and the subsequent sale of such pipeline to EPNG Pipeline Company are construed to constitute a sale of a major portion of the assets acquired from Wingfoot, the indemnities by Wingfoot will terminate. See Items 1. and 2. - "Business and Properties - Acquisitions and Dispositions - All American Pipeline Linefill Sale and Asset Disposition".

Plains Resources has agreed to indemnify us for environmental liabilities related to the assets of the our predecessor transferred to us that arose prior to closing and are discovered within three years after closing (excluding liabilities resulting from a change in law after closing). Plains Resources' indemnification obligation is capped at $3.0 million.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) AND (2) FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

See "Index to Consolidated Financial Statements" set forth on Page F-1.

(a)(3) EXHIBITS

3.1 -- Second Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P. dated as of November 23, 1998 (incorporated by reference to Exhibit 3.1 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

3.2 -- Amended and Restated Agreement of Limited Partnership of Plains Marketing, L.P. dated as of November 23, 1998 (incorporated by reference to Exhibit 3.2 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

3.3 -- Amended and Restated Agreement of Limited Partnership of All American Pipeline, L.P. dated as of November 23, 1998 (incorporated by reference to Exhibit 3.3 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

3.4 -- Certificate of Limited Partnership of Plains All American Pipeline, L.P. (incorporated by reference to Exhibit 3.4 to Registration Statement, file No. 333-64107).

3.5 -- Certificate of Limited Partnership of Plains Marketing, L.P. dated as of November 10, 1998 (incorporated by reference to Exhibit 3.5 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

3.6 -- Articles of Conversion of All American Pipeline Company dated as of November 10, 1998 (incorporated by reference to Exhibit 3.5 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

3.7 -- Agreement of Limited Partnership of Plains Scurlock Permian, L.P. dated as of April 29, 1999 (incorporated by reference to Exhibit 3.7 to Quarterly Report on Form 10-Q for the Quarter Ended March 31, 1999).

3.8 -- Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline L.P. dated as of May 12, 1999 (incorporated by reference to Exhibit 3.8 to Quarterly Report on Form 10-Q for the Quarter Ended June 30, 1999).

10.01 -- Credit Agreement among All American Pipeline, L.P., Plains All American Pipeline, L.P., Plains Marketing, L.P., ING (U.S.) Capital Corporation and certain other banks dated as of November 17, 1998 (incorporated by reference to Exhibit 10.01 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.02 -- Amended and Restated Credit Agreement among Plains Marketing, L.P., Plains All American Pipeline, L.P., BankBoston, N.A., and certain other banks dated as of November 17, 1998 (incorporated by reference to Exhibit 10.01 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.03 -- Contribution, Conveyance and Assumption Agreement among Plains All American Pipeline, L.P. and certain other parties dated as of November 23, 1998 (incorporated by reference to Exhibit 10.03 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

**10.04 -- Plains All American Inc., 1998 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.04 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

**10.05 -- Plains All American Inc., 1998 Management Incentive Plan Plains All American Inc., 1998 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.05 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

**10.06 -- Employment Agreement between Plains Resources Inc. and Harry N. Pefanis dated as of November 23, 1998 (incorporated by reference to Exhibit 10.06 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.07 -- Crude Oil Marketing Agreement among Plains Resources Inc., Plains Illinois Inc., Stocker Resources, L.P., Calumet Florida, Inc. and Plains Marketing, L.P. dated as of November 23, 1998 (incorporated by reference to Exhibit 10.07 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.08 -- Omnibus Agreement among Plains Resources Inc., Plains All American Pipeline, L.P., Plains Marketing, L.P., All American Pipeline, L.P., and Plains All American Inc. dated as of November 23, 1998 (incorporated by reference to Exhibit 10.08 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.09 -- Transportation Agreement dated July 30, 1993, between All American Pipeline Company and Exxon Company, U.S.A. (incorporated by reference to Exhibit 10.9 to Registration Statement, file No. 333-64107).

10.10 -- Transportation Agreement dated August 2, 1993, between All American Pipeline Company and Texaco Trading and Transportation Inc., Chevron U.S.A. and Sun Operating Limited Partnership (incorporated by reference to Exhibit 10.10 to Registration Statement, file No. 333-64107).

**10.11 -- Form of Transaction Grant Agreement (Payment on Vesting) (incorporated by reference to Exhibit 10.12 to Registration Statement, file No. 333-64107).

10.12 -- First Amendment to Contribution, Conveyance and Assumption Agreement dated as of December 15, 1998 (incorporated by reference to Exhibit 10.13 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.13 -- First Amendment dated as of March 18, 1999, to Credit Agreement among All American Pipeline, L.P., Plains All American Pipeline, L.P., Plains Marketing, L.P., ING (U.S.) Capital Corporation and certain other banks (incorporated by reference to Exhibit 10.14 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.14 -- First Amendment dated as of March 18, 1999, to Amended and Restated Credit Agreement among Plains Marketing, L.P., Plains All American Pipeline, L.P., All American Pipeline, L.P., BankBoston, N.A. and certain other banks (incorporated by reference to Exhibit 10.15 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.15 -- Agreement for Purchase and Sale of Membership Interest in Scurlock Permian LLC between Marathon Ashland LLC and Plains Marketing, L.P. dated as of March 17, 1999 (incorporated by reference to Exhibit 10.16 to Annual Report on Form 10-K for the Year Ended December 31, 1998).

10.16 -- Asset Sales Agreement between Chevron Pipe Line Company and Plains Marketing, L.P. dated as of April 16, 1999 (incorporated by reference to Exhibit 10.17 to Quarterly Report on Form 10-Q for the Quarter Ended March 31, 1999).

10.17 -- Credit Agreement dated as of May 12, 1999, between Plains Scurlock Permian, L.P., BankBoston, N.A. and certain other financial institutions (incorporated by reference to Exhibit 10.18 to Quarterly Report on Form 10-Q for the Quarter Ended March 31, 1999).

10.18 -- First Amendment to Plains Scurlock Credit Agreement dated as of July 29, 1999, between Plains Scurlock Permian, L.P., BankBoston, N.A. and certain other financial institutions (incorporated by reference to Exhibit 10.19 to Quarterly Report on Form 10-Q for the Quarter Ended June 30, 1999).

**10.19 -- Transaction Grant Agreement with Greg L. Armstrong (incorporated by reference to Exhibit 10.20 to Registration Statement on Form S-1, file no. 333-86907)

10.20 -- Second Amendment dated as of August 19, 1999, to Plains Scurlock Credit Agreement between Plains Scurlock Permian, L.P., BankBoston, N.A. and certain other financial institutions (incorporated by reference to Exhibit 10.21 to Quarterly Report on Form 10-Q for the Quarter Ended September 30, 1999).

10.21 -- Second Amendment dated September 24, 1999, to Credit Agreement among All American Pipeline, L.P., Plains Marketing, L.P., Plains All American Pipeline, L.P. and BankBoston, N.A. and certain other financial institutions (incorporated by reference to Exhibit 10.22 to Quarterly Report on Form 10-Q for the Quarter Ended September 30, 1999).

10.22 -- Second Amendment dated September 24, 1999, to Amended and Restated Credit Agreement among Plains Marketing, L.P., Plains All American Pipeline, L.P., All American Pipeline, L.P. and BankBoston, N.A. and certain other financial institutions (incorporated by reference to Exhibit 10.23 to Quarterly Report on Form 10-Q for the Quarter Ended September 30, 1999).

*10.23 -- Amended and Restated Credit Agreement dated as of December 1, 1999, among All American Pipeline, L.P., Plains Marketing, L.P., Plains All American Pipeline, L.P. and BankBoston, N.A. and certain other financial institutions.

*10.24 -- Second Amended and Restated Credit Agreement dated as of December 1, 1999, among Plains Marketing, L.P., Plains All American Pipeline, L.P., All American Pipeline, L.P. and BankBoston, N.A. and certain other financial institutions.

*10.25 -- Amendment and Limited Consent dated as of December 1, 1999, among All American Pipeline, L.P., Plains Marketing, L.P., Plains All American Pipeline, L.P. and BankBoston, N.A. and certain other financial institutions.

*10.26 -- Amendment and Limited Consent dated as of December 1, 1999, among Plains Marketing, L.P., Plains All American Pipeline, L.P., All American Pipeline, L.P. and BankBoston, N.A. and certain other financial institutions.

*10.27 -- Pipeline Sale and Purchase Agreement dated January 31, 2000, among Plains All American Pipeline, L.P., All American Pipeline, L.P., El Paso Natural Gas Company and El Paso Pipeline Company.

21.1 -- Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to Registration Statement on Form S-1, file no. 333-86907).

*23.1 -- Consent of PricewaterhouseCooper, LLP.

*27.1 -- Financial Data Schedule

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* Filed herewith

** Management contract or compensatory plan or arrangement

(B) REPORTS ON FORM 8-K

A Current Report on Form 8-K was filed on November 29, 1999, regarding the discovery of unauthorized trading activity by a former employee which was expected to result in losses to us of approximately $160.0 million.

A Current Report on Form 8-K was filed on December 1, 1999, regarding the execution of agreements with our lenders to provide for a $300.0 million credit facility and the waiver of defaults under certain covenants in our credit facilities which resulted from our unauthorized trading losses, as well as the execution by Plains Resources of commitment letters for the sale of up to $50.0 million of a new series of preferred stock, the proceeds of which would constitute a portion of the $114.0 million in debt financing which Plains Resources agreed to provide to us.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P..

By: PLAINS ALL AMERICAN INC.,
Our General Partner

Date: March 30, 2000 By: /s/ Phillip D. Kramer
Phillip D. Kramer, Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 30, 2000 By: /s/ Greg L. Armstrong
Greg L. Armstrong, Chairman of the Board, Chief Executive Officer and Director of our General Partner (Principal Executive Officer)

Date: March 30, 2000 By: /s/ Harry N. Pefanis
Harry N. Pefanis, President, Chief Operating Officer and Director of our General Partner

Date: March 30, 2000 By: /s/ Phillip D. Kramer
Phillip D. Kramer, Executive Vice President and Chief Financial Officer (Principal Financial Officer) of our General Partner

Date: March 30, 2000 By: /s/ Cynthia A. Feeback
Cynthia A. Feeback, Treasurer (Principal Accounting Officer) of our General Partner

Date: March 30, 2000 By: /s/ Everardo Goyanes
Everardo Goyanes, Director of our General Partner

Date: March 30, 2000 By: /s/ Robert V. Sinnott
Robert V. Sinnott, Director of our General Partner

Date: March 30, 2000 By: /s/ Arthur L. Smith
Arthur L. Smith, Director of our General Partner

PLAINS ALL AMERICAN PIPELINE, L.P.
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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of the General Partner and the Unitholders of
Plains All American Pipeline, L.P.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of changes in partners' capital and of cash flows, after the restatement described in Note 3, present fairly, in all material respects, the financial position of Plains All American Pipeline, L.P. and subsidiaries (the "Partnership") at December 31, 1999 and 1998, and the results of their operations and their cash flows for the year ended December 31, 1999 and the period from inception (November 23, 1998) to December 31, 1998 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
March 29, 2000

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of the General Partner and the Unitholders of Plains All American Pipeline, L.P.

In our opinion, the accompanying combined statements of operations and of cash flows of the Plains Midstream Subsidiaries, the predecessor entity of the Partnership, after the restatement described in Note 3, present fairly, in all material respects, the combined results of their operations and their cash flows for the period from January 1, 1998 to November 22, 1998 and the year ended December 31, 1997 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Plains Midstream Subsidiaries' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
March 29, 2000

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

	December 31, 1999	December 31, 1998 (restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 53,768	$ 5,503
Accounts receivable and other	508,920	120,615
Inventory	72,697	37,711
Assets held for sale (Note 5)	103,615	-
Total current assets	739,000	163,829
PROPERTY AND EQUIPMENT	454,878	378,835
Less allowance for depreciation and amortization	(11,581)	(799)
	443,297	378,036
OTHER ASSETS		
Pipeline linefill	17,633	54,511
Other	23,107	10,810
	$ 1,223,037	$ 607,186
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	$ 485,400	$ 144,080
Due to affiliates	42,692	7,768
Short-term debt and current portion of long-term debt	109,369	9,750
Total current liabilities	637,461	161,598
LONG-TERM LIABILITIES		
Bank debt	259,450	175,000
Subordinated note payable - general partner	114,000	-
Other long-term liabilities and deferred credits	19,153	45
Total liabilities	1,030,064	336,643
COMMITMENTS AND CONTINGENCIES (Note 15)		
PARTNERS' CAPITAL		
Common unitholders (23,049,239 and 20,059,239 units outstanding at December 31, 1999 and 1998, respectively)	208,359	253,568
Class B Common unitholders (1,307,190 units outstanding at December 31, 1999)	20,548	-
Subordinated unitholders (10,029,619 units outstanding)	(35,621)	15,995
General partner	(313)	980
	192,973	270,543
	$ 1,223,037	$ 607,186

See notes to consolidated and combined financial statements.

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

	Year Ended December 31, 1999	November 23, 1998 To December 31, 1998 (restated)	Predecessor: January 1, 1998 To November 22, 1998 (restated)	Predecessor: Year Ended December 31, 1997
REVENUES	$ 4,701,921	$ 176,445	$ 953,244	$ 752,522
COST OF SALES AND OPERATIONS	4,591,607	168,946	922,263	740,042
UNAUTHORIZED TRADING LOSSES AND RELATED EXPENSES (Note 3)	166,440	2,400	4,700	-
Gross Margin	(56,126)	5,099	26,281	12,480
EXPENSES				
General and administrative	22,198	771	4,526	3,529
Depreciation and amortization	17,344	1,192	4,179	1,165
Restructuring expense	1,410	-	-	-
Total expenses	40,952	1,963	8,705	4,694
Operating income (loss)	(97,078)	3,136	17,576	7,786
Interest expense	(20,533)	(1,371)	(8,492)	(894)
Related party interest expense	(606)	-	(2,768)	(3,622)
Noncash compensation expense	(1,013)	-	-	-
Gain on sale of linefill (Note 5)	16,457	-	-	-
Interest and other income	958	12	572	138
Net income (loss) before provision in lieu of income taxes and extraordinary item	(101,815)	1,777	6,888	3,408
Provision in lieu of income taxes	-	-	2,631	1,268
Net income (loss) before extraordinary item	(101,815)	1,777	4,257	2,140
Extraordinary item (Note 9)	(1,545)	-	-	-
NET INCOME (LOSS)	$ (103,360)	$ 1,777	$ 4,257	$ 2,140
NET INCOME (LOSS) - LIMITED PARTNERS	$ (101,517)	$ 1,741	$ 4,172	$ 2,097
NET INCOME (LOSS) - GENERAL PARTNER	$ (1,843)	$ 36	$ 85	$ 43
BASIC AND DILUTED INCOME (LOSS) PER LIMITED PARTNER UNIT				
Net income (loss) before extraordinary item	$ (3.16)	$ 0.06	$ 0.25	$ 0.12
Extraordinary item	(0.05)	-	-	-
Net income (loss)	$ (3.21)	$ 0.06	$ 0.25	$ 0.12
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	31,633	30,089	17,004	17,004

See notes to consolidated and combined financial statements.

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

	Year Ended December 31, 1999	November 23, 1998 To December 31, 1998	Predecessor: January 1, 1998 To November 22, 1998	Predecessor: Year Ended December 31, 1997
		(restated)	(restated)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ (103,360)	$ 1,777	$ 4,202	$ 2,140
Items not affecting cash flows from operating activities:				
Depreciation and amortization	17,344	1,192	4,179	1,165
(Gain) loss on sale of assets (Note 5)	(16,457)	-	117	(28)
Change in payable in lieu of deferred taxes	-	-	2,231	1,131
Noncash compensation expense	1,013	-	-	-
Other non cash items	1,047	45	-	-
Change in assets and liabilities, net of acquisition:				
Accounts receivable and other	(224,181)	(10,245)	37,498	(10,454)
Inventory	34,772	(14,805)	(3,336)	(16,450)
Accounts payable and other current liabilities	164,783	36,675	(25,850)	9,627
Pipeline linefill	(3)	(6,247)	2,343	-
Other long-term liabilities and deferred credits	18,873	-	-	-
Net cash provided by (used in) operating activities	(106,169)	8,392	21,384	(12,869)
CASH FLOWS FROM INVESTING ACTIVITIES				
Costs incurred in connection with acquisitions (Note 4)	(176,918)	-	(394,026)	-
Additions to property and equipment	(12,801)	(2,887)	(5,528)	(678)
Disposals of property and equipment	294	-	8	85
Additions to other assets	(68)	(202)	(65)	(1,261)
Proceeds from linefill sale (Note 5)	3,400	-	-	-
Net cash used in investing activities	(186,093)	(3,089)	(399,611)	(1,854)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from (payments to) affiliates	34,924	(1,174)	3,349	(3,679)
Proceeds from issuance of units, net	76,450	241,690	-	-
Distributions upon formation	-	(241,690)	-	-
Costs incurred in connection with financing arrangements	(17,243)	-	(9,938)	-
Cash balance at formation	-	224	-	-
Proceeds from subordinated notes - general partner	114,000	-	-	-
Proceeds from long-term debt	403,721	-	331,300	-
Proceeds from short-term debt	131,119	1,150	30,600	39,000
Principal payments of long-term debt	(268,621)	-	(39,300)	-
Principal payments of short-term debt	(82,150)	-	(40,000)	(21,000)
Capital contribution from Parent	-	-	113,700	-
Dividend to Parent	-	-	(3,557)	-
Distributions to unitholders	(51,673)	-	-	-
Net cash provided by financing activities	340,527	200	386,154	14,321
Net increase (decrease) in cash and cash equivalents	48,265	5,503	7,927	(402)
Cash and cash equivalents, beginning of period	5,503	-	2	404
Cash and cash equivalents, end of period	$ 53,768	$ 5,503	$ 7,929	$ 2

See notes to consolidated and combined financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE PERIOD FROM INCEPTION (NOVEMBER 23, 1998) TO DECEMBER 31, 1998
AND THE YEAR ENDED DECEMBER 31, 1999
(IN THOUSANDS)

	COMMON UNITS		CLASS B COMMON UNITS		SUBORDINATED UNITS		GENERAL PARTNER	TOTAL PARTNERS' CAPITAL
	UNITS	AMOUNT	UNITS	AMOUNT	UNITS	AMOUNT	AMOUNT	AMOUNT
Issuance of units to public	13,085	$ 241,690	-	$ -	-	$ -	$ -	$ 241,690
Contribution of assets and debt assumed	6,974	106,392	-	-	10,030	153,005	9,369	268,766
Distribution at time of formation	-	(95,675)	-	-	-	(137,590)	(8,425)	(241,690)
Net income for the period from November 23, 1998 to December 31, 1998 (restated)	-	1,161	-	-	-	580	36	1,777
Balance at December 31, 1998 (restated)	20,059	253,568	-	-	10,030	15,995	980	270,543
Issuance of Class B Common Units	-	-	1,307	25,000	-	-	252	25,252
Noncash compensation expense	-	-	-	-	-	-	1,013	1,013
Issuance of units to public	2,990	50,654	-	-	-	-	544	51,198
Distributions	-	(33,265)	-	(1,234)		(15,915)	(1,259)	(51,673)
Net loss	-	(62,598)	-	(3,218)		(35,701)	(1,843)	(103,360)
Balance at December 31, 1999	23,049	$ 208,359	1,307	$ 20,548	10,030	$ (35,621)	$ (313)	$ 192,973

See notes to consolidated and combined financial statements.

Note 1 -- Organization and Basis of Presentation

Organization

We are a Delaware limited partnership that was formed in September of 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. and its wholly-owned subsidiaries. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the business of the midstream subsidiaries of Plains Resources, also referred to as our predecessor or the Plains Midstream Subsidiaries. Our operations are conducted through Plains Marketing, L.P., All American Pipeline, L.P. and Plains Scurlock Permian, L.P. Our general partner, Plains All American Inc., is a wholly-owned subsidiary of Plains Resources. We are engaged in interstate and intrastate crude oil transportation, gathering and marketing as well as crude oil terminalling and storage activities. Our operations are conducted primarily in California, Texas, Oklahoma, Louisiana and the Gulf of Mexico.

Formation and Offering

On November 23, 1998, we completed an initial public offering of 13,085,000 common units at $20.00 per unit, representing limited partner interests and received net proceeds of approximately $244.7 million. Concurrently with the closing of the initial public offering, certain of the Plains Midstream subsidiaries were merged into Plains Resources, which sold the assets of these subsidiaries to us in exchange for $64.1 million and the assumption of $11.0 million of related indebtedness. At the same time, our general partner conveyed all of its interest in the All American Pipeline and the SJV Gathering System to us in exchange for:

- 6,974,239 common units, 10,029,619 subordinated units and an aggregate 2% general partner interest;
- the right to receive incentive distributions as defined in the partnership agreement; and
- our assumption of $175.0 million of indebtedness incurred by our general partner in connection with the acquisition of the All American Pipeline and the SJV Gathering System.

In addition to the $64.1 million discussed above, we distributed approximately $177.6 million of the offering proceeds to our general partner and used approximately $3.0 million of the remaining proceeds to pay expenses incurred in connection with the initial public offering.

Basis of Consolidation and Presentation

The accompanying financial statements and related notes present our consolidated financial position as of December 31, 1999 and 1998, and the results of our operations, cash flows and changes in partners' capital for the year ended December 31, 1999 and the period from inception (November 23, 1998) to December 31, 1998, and the results of operations and cash flows of our predecessor for the period from January 1, 1998 to November 22, 1998 and the year ended December 31, 1997. All significant intercompany transactions have been eliminated. Certain reclassifications have been made to prior period amounts to conform with current period presentation.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates.

Revenue Recognition. Gathering and marketing revenues are accrued at the time title to the product sold transfers to the purchaser, which typically occurs upon receipt of the product by the purchaser, and purchases are accrued at the time title to the product purchased transfers to us, which typically occurs upon our receipt of the product. Terminalling and storage revenues are recognized at the time service is performed. Revenues for the transportation of crude oil are recognized based upon regulated and non-regulated tariff rates and the related transported volumes.

Cost of Sales and Operations. Cost of sales consists of the cost of crude oil, transportation fees, field and pipeline operating expenses and letter of credit expenses. Field and pipeline operating expenses consist primarily of fuel and power costs, telecommunications, labor costs for pipeline field personnel, maintenance, utilities, insurance and property taxes. Crude oil exchanges whereby like volumes are purchased and sold with the same customers with little effect on gross margin are netted in cost of sales and operations.

Cash and Cash Equivalents. Cash and cash equivalents consist of all demand deposits and funds invested in highly liquid instruments with original maturities of three months or less.

Inventory. Inventory consists of crude oil in pipelines and in storage tanks which is valued at the lower of cost or market, with cost determined using the average cost method. Inventory at December 31, 1999 includes approximately $37.9 million of crude oil linefill which we began selling in November 1999 (see Note 5).

Property and Equipment and Pipeline Linefill. Property and equipment is stated at cost and consists of:

	DECEMBER 31, 1999	DECEMBER 31, 1998
	(IN THOUSANDS)	
Crude oil pipelines	$ 351,460	$ 268,219
Crude oil pipeline facilities	39,358	70,870
Crude oil storage and terminal facilities	43,583	34,606
Trucking equipment, injection stations and other	18,249	4,559
Office property and equipment	2,228	581
	454,878	378,835
Less accumulated depreciation and amortization	(11,581)	(799)
	$ 443,297	$ 378,036

Depreciation is computed using the straight-line method over estimated useful lives as follows:

- crude oil pipelines - 40 years;
- crude oil pipeline facilities - 25 years;
- crude oil terminal and storage facilities - 30 to 40 years;
- trucking equipment, injection stations and other - 5 to 10 years; and
- other property and equipment - 5 to 7 years.

Acquisitions and improvements are capitalized; maintenance and repairs are expensed as incurred. Net gains or losses on property and equipment disposed of are included in interest and other income.

Pipeline linefill is recorded at cost and consists of crude oil linefill used to pack a pipeline such that when an incremental barrel enters a pipeline it forces a barrel out at another location. After the sale of linefill discussed below, we own approximately 1.2 million barrels of crude oil that is used to maintain the vast majority of our minimum operating linefill requirements. Proceeds from the sale and repurchase of pipeline linefill are reflected as cash flows from operating activities in the accompanying consolidated and combined statements of cash flows. Proceeds from the sale of linefill in connection with the segment of the All American Pipeline that is being sold are included in investing activities in the accompanying consolidated and combined statements of cash flows. In November 1999, we initiated the sale of 5.2 million barrels of crude oil linefill (see Note 5).

Impairment of Long-Lived Assets. Long-lived assets, including any related goodwill, with recorded values that are not expected to be recovered through future cash flows are written-down to estimated fair value. Fair value is generally determined from estimated discounted future net cash flows.

Other Assets. Other assets consist of the following (in thousands):

	DECEMBER 31, 1999	DECEMBER 31, 1998
Debt issue costs	$ 24,776	$ 10,171
Goodwill and other	1,994	1,134
	26,770	11,305
Accumulated amortization	(3,663)	(495)
	$ 23,107	$ 10,810

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized using the straight-line method over the term of the related debt. Debt issue costs at December 31, 1999, include approximately $13.7 million paid to amend our credit facilities as a result of defaults caused by unauthorized trading losses (see Note 3). Goodwill was recorded as the amount of the purchase price in excess of the fair value of certain transportation and crude oil gathering assets purchased by our predecessor and is amortized using the straight-line method over a period of twenty years.

Federal Income Taxes. No provision for income taxes related to our operations is included in the accompanying consolidated financial statements because as a partnership, we are not subject to federal or state income tax and the tax effect of our activities accrues to the unitholders. Net earnings for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax bases and financial reporting bases of assets and liabilities and the taxable income allocation requirements under the partnership agreement. Individual unitholders will have different investment bases depending upon the timing and price of acquisition of partnership units. Further, each unitholder's tax accounting, which is partially dependent upon his/her tax position, may differ from the accounting followed in the consolidated financial statements. Accordingly, there could be significant differences between each individual unitholder's tax bases and his/her share of the net assets reported in the consolidated financial statements. We do not have access to information about each individual unitholder's tax attributes, and the aggregate tax bases cannot be readily determined. Accordingly, management does not believe that in our circumstances, the aggregate difference would be meaningful information.

Our predecessor is included in the consolidated federal income tax return of Plains Resources. Income taxes are calculated as if our predecessor had filed a return on a separate company basis utilizing a federal statutory rate of 35%.

Hedging. We utilize various derivative instruments, for purposes other than trading, to hedge our exposure to price fluctuations on crude in storage and expected purchases, sales and transportation of crude oil. The derivative instruments consist primarily of futures and option contracts traded on the New York Mercantile Exchange and crude oil swap contracts entered into with financial institutions. We also utilize interest rate swaps and collars to manage the interest rate exposure on our long-term debt.

These derivative instruments qualify for hedge accounting as they reduce the price risk of the underlying hedged item and are designated as a hedge at inception. Additionally, the derivatives result in financial impacts which are inversely correlated to those of the items being hedged. This correlation, generally in excess of 80%, (a measure of hedge effectiveness) is measured both at the inception of the hedge and on an ongoing basis. If correlation ceases to exist, we would discontinue hedge accounting and apply mark to market accounting. Gains and losses on the termination of hedging instruments are deferred and recognized in income as the impact of the hedged item is recorded.

Unrealized changes in the market value of crude oil hedge contracts are not generally recognized in our statement of operations or our predecessor's statements of operations until the underlying hedged transaction occurs. The financial impacts of crude oil hedge contracts are included in our and our predecessor's statements of operations as a component of revenues. Such financial impacts are offset by gains or losses realized in the physical market. Cash flows from crude oil hedging activities are included in operating activities in the accompanying statements of cash flows. Net deferred gains and losses on futures contracts, including closed futures contracts, entered into to hedge anticipated crude oil purchases and sales are included in current assets or current liabilities in the accompanying consolidated balance sheets. Deferred gains or losses from inventory hedges are included as part of the inventory costs and recognized when the related inventory is sold.

Amounts paid or received from interest rate swaps and collars are charged or credited to interest expense and matched with the cash flows and interest expense of the long-term debt being hedged, resulting in an adjustment to the effective interest rate. Deferred gains of $10.8 million received upon the termination of an interest rate swap are included in other long-term liabilities and deferred credits, net of accumulated amortization, in the accompanying balance sheet at December 31, 1999.

Net income per unit. Basic and diluted net income (loss) per unit is determined by dividing net income (loss) after deducting the amount allocated to our general partner, by the weighted average number of outstanding common units and subordinated units. Partnership income (loss) is allocated first according to cash distributions, and the remainder according to percentage ownership in the partnership. For periods prior to November 23, 1998, outstanding units are assumed to equal the common and subordinated units received by our general partner in exchange for assets contributed to us.

Unit Options. We have elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25") and related interpretations in accounting for our employee unit options and awards. Under APB 25, no compensation expense is recognized when the exercise price of options equals the fair value (market price) of the underlying units on the date of grant (see Note 14).

Recent Accounting Pronouncements. In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). 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 so, the type of hedge transaction. For fair value hedge transactions in which we are 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 we are 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. This statement was amended by Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 ("SFAS 137") issued in June 1999. SFAS 137 defers the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. We are required to adopt this statement beginning in 2001. We have not yet determined the effect that the adoption of SFAS 133 will have on our financial position or results of operations.

NOTE 3 -- UNAUTHORIZED TRADING LOSSES AND RESTATED FINANCIAL STATEMENTS

In November 1999, we discovered that a former employee had engaged in unauthorized trading activity, resulting in losses of approximately $162.0 million ($174.0 million, including estimated associated costs and legal expenses). A full investigation into the unauthorized trading activities by outside legal counsel and independent accountants and consultants determined that the vast majority of the losses occurred from March through November 1999, and the impact warranted a restatement of previously reported financial information for 1999 and 1998. Approximately $7.1 million of the unauthorized trading losses was recognized in 1998 and the remainder in 1999.

Normally, as we purchase crude oil, we establish a margin by selling crude oil for physical delivery to third-party users or by entering into a future delivery obligation with respect to futures contracts. The employee in question violated our policy of maintaining a position that is substantially balanced between crude oil purchases and sales or future delivery obligations. The unauthorized trading and associated losses resulted in a default of certain covenants under our credit facilities and significant short-term cash and letter of credit requirements.

In December 1999, we executed amended credit facilities and obtained default waivers from all of our lenders. The amended credit facilities:

- waived defaults under covenants contained in the existing credit facilities;
- increased availability under our letter of credit and borrowing facility from $175.0 million in November 1999 to $295.0 million in December 1999, $315.0 million in January 2000, and thereafter decreasing to $239.0 million in February through April 2000, to $225.0 million in May and June 2000 and to $200.0 million in July 2000 through July 2001;
- required the lenders' consent prior to the payment of distributions to unitholders;
- prohibited contango inventory transactions subsequent to January 20, 2000; and
- increased interest rates and fees under certain of the facilities.

We paid approximately $13.7 million to our lenders in connection with the amended credit facilities. This amount was capitalized as debt issue costs and will be amortized over the remaining term of the amended facilities. In connection with the amendments, our general partner loaned us approximately $114.0 million. This subordinated debt is due not later than November 30, 2005.

In the period immediately following the disclosure of the unauthorized trading losses, a significant number of our suppliers and trading partners reduced or eliminated the open credit previously extended to us. Consequently, the amount of letters of credit we needed to support the level of our crude oil purchases then in effect increased significantly. In addition, the cost to us of obtaining letters of credit increased under the amended credit facility. In many instances we arranged for letters of credit to secure our obligations to purchase crude oil from our customers, which increased our letter of credit costs and decreased our unit margins. In other instances, primarily involving lower margin wellhead and bulk purchases, certain of our purchase contracts were terminated.

The summarized restated results for the periods ended and financial position as of March 31, June 30, and September 30, 1999 are as follows: (in thousands, except unit data) (unaudited).

	RESTATED				
	THREE MONTHS ENDED	PERIOD ENDED JUNE 30, 1999		PERIOD ENDED SEPTEMBER 30, 1999	
	MARCH 31, 1999	THREE MONTHS	SIX MONTHS	THREE MONTHS	NINE MONTHS
STATEMENT OF OPERATIONS DATA:					
Gross margin	$ (1,546)	$ 4,985	$ 3,439	$ (38,922)	$ (35,483)
Operating loss	(6,965)	(4,624)	(11,589)	(51,892)	(63,481)
Net loss	(10,061)	(9,154)	(19,215)	(60,131)	(79,346)
Net loss per limited partner unit	(0.33)	(0.29)	(0.62)	(1.88)	(2.53)
BALANCE SHEET DATA:					
Current assets	$186,846		$ 413,418		$ 522,332
Current liabilities	190,331		452,307		622,394
Partners' capital	261,657		263,939		190,877
CASH FLOW DATA:					
Net cash provided by operating activities	$ 4,445		$ 15,397		$ 1,380

The summarized previously reported results for the periods ended and financial position as of March 31, June 30, and September 30, 1999 are as follows: (in thousands, except unit data) (unaudited).

	PREVIOUSLY REPORTED				
	THREE MONTHS ENDED	PERIOD ENDED JUNE 30, 1999		PERIOD ENDED SEPTEMBER 30, 1999	
	MARCH 31, 1999	THREE MONTHS	SIX MONTHS	THREE MONTHS	NINE MONTHS
STATEMENT OF OPERATIONS DATA:					
Gross margin	$ 19,828	$ 26,212	$ 46,040	$ 33,304	$ 79,344
Operating income	14,409	16,603	31,422	20,334	51,346
Net income	11,313	12,073	23,386	12,095	35,481
Net income per limited partner unit	0.37	0.38	0.75	0.38	1.13
BALANCE SHEET DATA:					
Current assets	$187,015		$ 413,344		$522,234
Current liabilities	169,126		409,632		507,469
Partners' capital	283,031		306,540		305,704
CASH FLOW DATA:					
Net cash provided by operating activities	$ 4,276		$ 15,471		$ 1,478

Below is the summarized restated and previously reported results for the three and nine months ending September 30, 1998 (in thousands, except unit data) (unaudited).

	THREE MONTHS ENDED SEPTEMBER 30, 1998		NINE MONTHS ENDED SEPTEMBER 30, 1998	
	RESTATED	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED
STATEMENT OF OPERATIONS DATA:				
Gross margin	$ 6,914	$13,914	$16,114	$23,114
Operating income	3,410	10,410	9,948	16,948
Net income (loss)	(1,212)	3,258	2,042	6,512
Net income (loss) per				

limited partner unit	(0.07)	0.19	0.12	0.38

The summarized restated and previously reported results for the periods of November 23, 1998 to December 31, 1998 and January 1, 1998 to November 22, 1998 and financial position as of Decvember 31, 1998 are as follows (in thousands, except unit data):

	November 23, 1998 to December 31, 1998		January 1, 1998 to November 22, 1998	
	Restated	Previously Reported	Restated	Previously Reported
Statement of Operations Data:				
Gross margin	$ 5,099	$ 7,499	$ 26,281	$ 30,981
Operating income	3,136	5,536	17,576	22,276
Net income	1,777	4,177	4,257	7,025
Net income per limited partner unit	0.06	0.14	0.25	0.40
Balance Sheet Data:				
Current assets	$ 163,829	$ 166,851	$ -	$ -
Current liabilities	161,598	157,520	-	-
Partners' capital	270,543	277,643	-	-

NOTE 4 -- ACQUISITIONS

Scurlock Acquisition

On May 12, 1999, we completed the acquisition of Scurlock Permian LLC and certain other pipeline assets from Marathon Ashland Petroleum LLC. Including working capital adjustments and closing and financing costs, the cash purchase price was approximately $141.7 million.

Scurlock, previously a wholly-owned subsidiary of Marathon Ashland Petroleum, is engaged in crude oil transportation, gathering and marketing, and owns approximately 2,300 miles of active pipelines, numerous storage terminals and a fleet of more than 250 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 we acquired also included approximately one million barrels of crude oil linefill.

Financing for the Scurlock acquisition was provided through:

- borrowings of approximately $92.0 million under Plains Scurlock's limited recourse bank facility with BankBoston, N.A.;
- the sale to our general partner of 1.3 million of our Class B common units for a total cash consideration of $25.0 million, or $19.125 per unit, the price equal to the market value of our common units on May 12, 1999; and
- a $25.0 million draw under our existing revolving credit agreement.

The purchase price allocation was based on preliminary estimates of fair value and is subject to adjustment as additional information becomes available and is evaluated. The purchase accounting entries include a $1.0 million accrual for estimated environmental remediation costs. Under the agreement for the sale of Scurlock by Marathon Ashland Petroleum to Plains Scurlock, Marathon Ashland Petroleum has agreed to indemnify and hold harmless Scurlock and Plains Scurlock for claims, liabilities and losses resulting from any act or omission attributable to Scurlock's business or properties occurring prior to the date of the closing of such sale to the extent the aggregate amount of such losses exceed $1.0 million; provided, however, that claims for such losses must individually exceed $25,000 and must be asserted by Scurlock against Marathon Ashland Petroleum on or before May 15, 2003.

The assets, liabilities and results of operations of Scurlock are included in our consolidated financial statements effective May 1, 1999. The Scurlock acquisition has been accounted for using the purchase method of accounting and the purchase price was allocated in accordance with Accounting Principles Board Opinion No. 16, Business Combinations, ("APB 16") as follows (in thousands):

Crude oil pipeline, gathering and terminal assets	$125,120
Other property and equipment	1,546
Pipeline linefill	16,057
Other assets (debt issue costs)	3,100
Other long-term liabilities (environmental accrual)	(1,000)
Net working capital items	(3,090)
Cash paid	$141,733

Pro Forma Results for the Scurlock Acquisition

The following unaudited pro forma data is presented to show pro forma revenues, net income and basic and diluted net income (loss) per limited partner unit as if the Scurlock acquisition, which was effective May 1, 1999, had occurred on January 1, 1998 (in thousands).

	YEAR ENDED DECEMBER 31, 1999	NOVEMBER 23, 1998 TO DECEMBER 31, 1998 (restated)	JANUARY 1, 1998 TO NOVEMBER 22, 1998 (restated)
Revenues	$ 5,089,223	$ 278,424	$ 2,099,463
Net income (loss)	$ (97,012)	$ (7,957)	$ 3,063
Basic and diluted net income (loss) per limited partner unit	$ (3.01)	$ (0.25)	$ 0.18

West Texas Gathering System Acquisition

On July 15, 1999, Plains Scurlock Permian, L.P. completed the acquisition of a West Texas crude oil pipeline and gathering system from Chevron Pipe Line Company for approximately $36.0 million, including transaction costs. Our total acquisition cost was approximately $38.9 million including costs to address certain issues identified in the due diligence process. The principal assets acquired include approximately 450 miles of crude oil transmission mainlines, approximately 400 miles of associated gathering and lateral lines and approximately 2.9 million barrels of crude oil storage and terminalling capacity in Crane, Ector, Midland, Upton, Ward and Winkler Counties, Texas. Financing for the amounts paid at closing was provided by a draw under the term loan portion of the Plains Scurlock credit facility.

Venice Terminal Acquisition

On September 3, 1999, we completed the acquisition of a Louisiana crude oil terminal facility and associated pipeline system from Marathon Ashland Petroleum LLC for approximately $1.5 million. The principal assets acquired include approximately 300,000 barrels of crude oil storage and terminalling capacity and a six-mile crude oil transmission system near Venice, Louisiana.

All American Pipeline Acquisition

On July 30, 1998, our 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 the Goodyear Tire and Rubber Company ("Goodyear"), for approximately $400.0 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 acquisition was accounted for utilizing the purchase method of accounting and the purchase price was allocated in accordance with APB 16 as follows (in thousands):

Crude oil pipeline, gathering and terminal assets	$ 392,528
Other assets (debt issue costs)	6,138
Net working capital items (excluding cash received of $7,481)	1,498
Cash paid	$ 400,164

Financing for the acquisition was provided through a $325.0 million, limited recourse bank facility and an approximate $114.0 million capital contribution by Plains All American Inc. Actual borrowings at closing were $300.0 million.

In 1999, we terminated 24 employees and paid approximately $1.4 million in connection therewith.

NOTE 5 -- ASSET DISPOSITIONS

We initiated the sale of approximately 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. This sale was substantially completed in February 2000. The linefill was located in the segment of the All American Pipeline that extends from Emidio, California, to McCamey, Texas. Except for minor third party volumes, one of our subsidiaries has been the sole shipper on this segment of the pipeline since its predecessor acquired the line from Goodyear on July 30, 1998. Proceeds from the sale of the linefill were approximately $100.0 million, net of associated costs, and were used for working capital purposes. We estimate that we will recognize a total gain of approximately $44.0 million in connection with the sale of linefill. As of December 31, 1999, we had delivered approximately 1.8 million barrels of linefill and recognized a gain of $16.5 million. The amount of crude oil linefill for sale at December 31, 1999 was $37.9 million and is included in inventory on the consolidated balance sheet.

On March 24, 2000, we completed the sale of the above referenced segment of the All American Pipeline to a unit of El Paso Energy Corporation for total proceeds of $129.0 million. The proceeds from the sale were used to reduce outstanding debt. Our net proceeds are expected to be approximately $124.0 million, net of associated transaction costs and estimated costs to remove certain equipment. We estimate that we will recognize a gain of approximately $20.0 million in connection with the sale. During 1999, we reported gross margin of approximately $5.0 million from volumes transported on the segment of the line that was sold.

NOTE 6 --CREDIT AGREEMENTS AND LONG-TERM DEBT

Short-term debt and current portion of long-term debt consists of the following:

	December 31,	
	1999	1998
	(in thousands)	
Letter of credit borrowing facility, bearing interest at weighted average interest rates of 8.7% and 6.8% at December 31, 1999 and 1998, respectively	$ 13,719	$ 9,750
Secured term credit facility, bearing interest at a weighted average interest rate of 8.8% at December 31, 1999	45,000	-
	58,719	9,750
Current portion of long-term debt	50,650	-
	$109,369	$ 9,750

We have a letter of credit and borrowing facility, the purpose of which is to provide standby letters of credit to support the purchase and exchange of crude oil for resale and borrowings to finance crude oil inventory which has been hedged against future price risk or designated as working inventory. As a result of the unauthorized trading losses discovered in November 1999, the facility was in default of certain covenants, with those defaults being subsequently waived and the facility amended in December 1999. As amended, the letter of credit facility has a sublimit for cash borrowings of $40.0 million at December 31, 1999, with decreasing amounts thereafter through April 30, 2000, at which time the sublimit is eliminated. The letter of credit and borrowing facility provides for an aggregate letter of credit availability of $295.0 million in December 1999, $315.0 million in January 2000, and thereafter decreasing to $239.0 million in February through April 2000, to $225.0 million in May and June 2000 and to $200.0 million in July 2000 through July 2001. 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 of our current assets and current liabilities, primarily accounts receivable and accounts payable related to the purchase and sale of crude oil. This facility is secured by a lien on substantially all of our assets except the assets which secure the Plains Scurlock credit facility. At December 31, 1999, there were letters of credit of approximately $292.0 million and borrowings of $13.7 million outstanding under this facility.

On December 30, 1999, we entered into a $65.0 million senior secured term credit facility to fund short-term working capital requirements resulting from the unauthorized trading losses. The facility was secured by a portion of the 5.2 million barrels of linefill that was sold and receivables from certain sales contracts applicable to the linefill. The facility had a maturity date of March 24, 2000 and was repaid with the proceeds from the sale of the linefill securing the facility. At December 31, 1999, there were borrowings of $45.0 million outstanding.

Long-term debt consists of the following:

	DECEMBER 31,	
	1999	1998
	(IN THOUSANDS)	
All American Pipeline, L.P. bank credit agreement, bearing interest at weighted average interest rates of 8.3% and 6.8% at December 31, 1999 and 1998, respectively	$ 225,000	$ 175,000
Plains Scurlock bank credit agreement, bearing interest at a weighted average interest rate of 9.1% at December 31, 1999	85,100	-
Subordinated note payable - general partner, bearing interest at a weighted average interest rate of 8.7% at December 31, 1999	114,000	-
	424,100	175,000
Less current maturities	(50,650)	-
	$ 373,450	$ 175,000

Concurrently with the closing of our initial public offering in November 1998, we entered into a $225.0 million bank credit agreement that includes a $175.0 million term loan facility and a $50.0 million revolving credit facility. As a result of the unauthorized trading losses discovered in November 1999, the facility was in default of certain covenants, with those defaults being subsequently waived and the facility amended in December. The bank credit agreement is secured by a lien on substantially all of our assets except the assets which secure the Plains Scurlock bank credit agreement. We may borrow up to $50.0 million under the revolving credit facility for acquisitions, capital improvements, working capital and general business purposes. At December 31, 1999, we had $175.0 million outstanding under the term loan facility and $50.0 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 term loan and revolving credit facility bear interest at our option at either the base rate, as defined, plus an applicable margin, or reserve adjusted LIBOR plus an applicable margin. We incur a commitment fee on the unused portion of the revolving credit facility.

Plains Scurlock has a bank credit agreement which consists of a five-year $82.6 million term loan facility and a three-year $35.0 million revolving credit facility. The Plains Scurlock bank credit agreement is nonrecourse to Plains All American Pipeline, Plains Marketing, L.P. and All American Pipeline, L.P. and is secured by substantially all of the assets of Plains Scurlock Permian, L.P. and its subsidiaries, including the Scurlock assets and the West Texas gathering system. Borrowings under the term loan and the revolving credit facility bear interest at LIBOR plus the applicable margin. A commitment fee equal to 0.5% per year is charged on the unused portion of the revolving credit facility. The revolving credit facility, which may be used for borrowings or letters of credit to support crude oil purchases, matures in May 2002. The term loan provides for principal amortization of $0.7 million annually beginning May 2000, with a final maturity in May 2004. As of December 31, 1999, letters of credit of approximately $29.5 million were outstanding under the revolver and borrowings of $82.6 million and $2.5 million were outstanding under the term loan and revolver, respectively. The term loan was reduced to $82.6 million from $126.6 million with proceeds from our October 1999 public unit offering.

All of our credit facilities contain prohibitions on distributions on, or purchases or redemptions of, units if any default or event of default is continuing. In addition, our facilities contain various covenants limiting our ability to:

- incur indebtedness;
- grant liens;
- sell assets in excess of certain limitations;
- engage in transactions with affiliates;
- make investments;
- enter into hedging contracts; and
- enter into a merger, consolidation or sale of assets.

Each of our facilities treats a change of control as an event of default. In addition, the terms of our letter of credit and borrowing facility and our bank credit agreement require lenders' consent prior to the payment of distributions to unitholders and require us to maintain:

- a current ratio of 1.0 to 1.0, as defined in our credit agreement;
- a debt coverage ratio which is not greater than 5.0 to 1.0;

- an interest coverage ratio which is not less than 3.0 to 1.0;
- a fixed charge coverage ratio which is not less than 1.25 to 1.0; and
- debt to capital ratio of not greater than 0.60 to 1.0.

The terms of the Plains Scurlock bank credit agreement requires Plains Scurlock to maintain at the end of each quarter:

- a debt coverage ratio of 6.0 to 1.0 from October 1, 1999 through June 30, 2000; 5.0 to 1.0 from July 1, 2000 through June 30, 2001; and 4.0 to 1.0 thereafter; and
- an interest coverage ratio of 2.0 to 1.0 from October 1, 1999 through June 30, 2000 and 2.5 to 1.0 thereafter.

In addition, the Plains Scurlock bank credit agreement contains limitations on the Plains Scurlock operating partnership's ability to make distributions to us if its indebtedness and current liabilities exceed certain levels as well as the amount of expansion capital it may expend.

In December 1999, our general partner loaned us $114.0 million. This subordinated debt is due not later than November 30, 2005. Proceeds from the notes were used for working capital requirements created by the unauthorized trading losses (see Note 3). The notes are subordinated in right of payment to all existing senior indebtedness and bear interest at the same LIBOR rate as our letter of credit and borrowing facility. Interest on the notes is payable monthly, but payment of interest requires the permission of certain of our lenders. Any interest not paid when due is added to the principal of the notes, at the option of our general partner.

At December 31, 1999, we had interest rate collar agreements aggregating a notional principal amount of $215.0 million which hedge the interest rate on our underlying debt obligations. These instruments are based on LIBOR rates before the applicable margins and generally provide for a floor of 5% and a ceiling of 6.5% for $90.0 million of debt and a floor of 6.1% and a ceiling of 8% for $125.0 million of debt.

The aggregate amount of maturities of all long-term indebtedness for the next five years is: 2000 - $50.6 million, 2001 - $0.6 million, 2002 - $3.2 million, 2003 - $0.7 million and 2004 - $80.0 million.

NOTE 7 -- PARTNERSHIP CAPITAL AND DISTRIBUTIONS

Partner's capital consists of 24,356,429 common units, including 1,307,190 Class B common units, representing a 69.4% limited partner interest, (a subsidiary of our general partner owns 6,904,795 of such common units), 10,029,619 Subordinated units owned by a subsidiary of our general partner representing a 28.6% limited partner interest and a 2% general partner interest. In the aggregate, our general partner's interests represent an effective 54.0% ownership of our equity at December 31, 1999.

All of the subordinated units and 20,059,239 of the common units were issued in connection with our November 1998 initial public offering. In October 1999, we completed a public offering of an additional 2,990,000 common units representing limited partner interests at $18.00 per unit. Net proceeds, including our general partners' contribution, from the offering were approximately $51.3 million after deducting underwriters' discounts and commissions and offering expenses of approximately $3.1 million. These proceeds were used to reduce outstanding debt. The Class B common units were issued in May 1999 to our general partner at $19.125 per unit for total proceeds of $25.0 million in connection with the Scurlock acquisition (see Note 4).

Subject to the consent of our lenders, we will distribute 100% of our available cash within 45 days after the end of each quarter to unitholders of record and to our general partner. Available cash is generally defined as all of our cash and cash equivalents on hand at the end of each quarter less reserves established by our 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 subordinated 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 subordinated 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), our 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 our 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.

The Class B common units are initially pari passu with common units with respect to distributions, and are convertible into common units upon approval of a majority of the common unitholders. The Class B unitholders may request that we call a meeting of common unitholders to consider approval of the conversion of Class B units into common units. If the approval of a conversion by the common unitholders is not obtained within 120 days of a request, each Class B common unitholder will be entitled to receive distributions, on a per unit basis, equal to 110% of the amount of distributions paid on a common unit, with such distribution right increasing to 115% if such approval is not secured within 90 days after the end of the 120-day period. Except for the vote to approve the conversion, Class B common units have the same voting rights as the common units.

Our 1999 and 1998 distributions declared, which were paid in the quarter following declaration are summarized in the following table:

	DISTRIBUTION PER UNIT		TOTAL DISTRIBUTION (IN THOUSANDS)			
	COMMON	SUBORDINATED	COMMON UNITHOLDERS	SUBORDINATED UNITHOLDERS	GENERAL PARTNER	TOTAL
1999						
Fourth quarter	$ 0.450	$ -	$10,960	$ -	$ 224	$11,184
Third quarter	0.481	0.481	11,721	4,827	506	17,054
Second quarter	0.463	0.463	9,881	4,639	358	14,878
First quarter	0.450	0.450	9,026	4,513	276	13,815
1998						
Fourth quarter	$ 0.193	$ 0.193	$ 3,871	$ 1,936	$ 119	$ 5,926

The fourth quarter 1998 distribution represents a partial quarterly distribution for the period from November 23, 1998, the date of our initial public offering, to December 31, 1998.

NOTE 8 -- FINANCIAL INSTRUMENTS

Derivatives

We utilize derivative financial instruments to hedge our exposure to price volatility on crude oil and do not use such instruments for speculative trading purposes. These arrangements expose us to credit risk (as to counterparties) and to risk of adverse price movements in certain cases where our purchases are less than expected. In the event of non-performance of a counterparty, we might be forced to acquire alternative hedging arrangements or be required to honor the underlying commitment at then-current market prices. In order to minimize credit risk relating to the non-performance of a counterparty, we enter into such contracts with counterparties that are considered investment grade, periodically review the financial condition of such counterparties and continually monitor the effectiveness of derivative financial instruments in achieving our objectives. In view of our criteria for selecting counterparties, our process for monitoring the financial strength of these counterparties and our experience to date in successfully completing these transactions, we believe that the risk of incurring significant financial statement loss due to the non-performance of counterparties to these transactions is minimal.

At December 31, 1999, our hedging activities included crude oil futures contracts maturing in 2000 through 2002, covering approximately 7.4 million barrels of crude oil including the portion of the linefill sold in January and February 2000. Since such contracts are designated as hedges and correlate to price movements of crude oil, any gains or losses resulting from market changes will be largely offset by losses or gains on our hedged inventory or anticipated purchases of crude oil.

Fair Value of Financial Instruments

The carrying values of items comprising current assets and current liabilities approximate fair value due to the short-term maturities of these instruments. Crude oil futures contracts permit settlement by delivery of the crude oil and, therefore, are not financial instruments. The carrying value of bank debt approximates fair value as interest rates are variable, based on prevailing market rates. The fair value of crude oil and interest rate swap and collar agreements are based on current termination values or quoted market prices of comparable contracts.

We utilize interest rate swap and collar agreements to hedge the interest rate on our underlying debt obligations. The carrying amounts and fair values of our financial instruments are as follows (in thousands):

	DECEMBER 31,			
	1999		1998	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Unrealized loss on crude oil swaps	$ -	$ (569)	-	$ -
Unrealized gain (loss) on interest rate swaps and collars	-	388	-	(2,164)

NOTE 9 -- EXTRAORDINARY ITEM

For the year ended December 31, 1999, we recognized an extraordinary loss related to the early extinguishment of debt. The loss is related to the reduction of the Plains Scurlock term loan facility with proceeds from our 1999 public offering and the restructuring of our letter of credit and borrowing facility as a result of the unauthorized trading losses (see Notes 3 and 7).

NOTE 10 -- INCOME TAXES

As discussed in Note 2, our predecessor's results are included in Plains Resources' combined federal income tax return. The amounts presented below were calculated as if our predecessor filed a separate tax return.

Provision in lieu of income taxes of our predecessor consists of the following components (in thousands):

	JANUARY 1, 1998 TO NOVEMBER 22, 1998 (RESTATED)	YEAR ENDED DECEMBER 31, 1997
Federal		
Current	$ 455	$ 38
Deferred	1,900	1,131
State		
Current	-	99
Deferred	276	-
Total	$ 2,631	$ 1,268

A reconciliation of the provision in lieu of income taxes to the federal statutory tax rate of 35% is as follows (in thousands):

	JANUARY 1, 1998 TO NOVEMBER 22, 1998 (RESTATED)	YEAR ENDED DECEMBER 31, 1997
Provision at the statutory rate	$ 2,410	$ 1,169
State income tax, net of benefit for federal deduction	181	65
Permanent differences	40	34
Total	$ 2,631	$ 1,268

NOTE 11 -- SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

In connection with our formation, certain investing and financial activities occurred. Effective November 23, 1998, substantially all of the assets and liabilities of our predecessor were conveyed to us at historical cost. Net assets assumed by the operating partnership are as follows (restated) (in thousands):

Cash and cash equivalents	$ 224
Accounts receivable	109,311
Inventory	22,906
Prepaid expenses and other current assets	1,059
Property and equipment, net	375,948
Pipeline linefill	48,264
Intangible assets, net	11,001
Total assets conveyed	568,713
Accounts payable and other current liabilities	107,405
Due to affiliates	8,942
Bank debt	183,600
Total liabilities assumed	299,947
Net assets assumed by the Partnership	$ 268,766

Interest paid totaled $22.3 million, $0.1 million, $8.5 million and $4.5 million for the year ended December 31, 1999, the period from November 23, 1998 to December 31, 1998, the period from January 1, 1998 through November 23, 1998 and the year ended December 31, 1997, respectively.

NOTE 12 -- MAJOR CUSTOMERS AND CONCENTRATION OF CREDIT RISK

Customers accounting for 10% or more of revenues were as follows for the periods indicated:

	PERCENTAGE			
CUSTOMER	YEAR ENDED DECEMBER 31, 1999	NOVEMBER 23, 1998 TO DECEMBER 31, 1998	JANUARY 1, 1998 TO NOVEMBER 22, 1998	YEAR ENDED DECEMBER 31, 1997
Sempra Energy Trading Corporation	22%	20%	31%	12%
Koch Oil Company	19%	-	19%	30%
Exxon Company USA	-	11%	-	-
Basis Petroleum Inc.	-	-	-	11%

Financial instruments which potentially subject us to concentrations of credit risk consist principally of trade receivables. Our accounts receivable are primarily from purchasers and shippers of crude oil. This industry concentration has the potential to impact our overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. We generally require letters of credit for receivables from customers which are not considered investment grade, unless the credit risk can otherwise be reduced. We believe that the loss of an individual customer would not have a material adverse effect.

NOTE 13 -- RELATED PARTY TRANSACTIONS

Reimbursement of Expenses of Our General Partner and Its Affiliates

We do not directly employ any persons to manage or operate our business. These functions are provided by employees of our general partner and Plains Resources. Our general partner does not receive a management fee or other compensation in connection with its management of us. We reimburse our general partner and Plains Resources for all direct and indirect costs of services provided, including the costs of employee, officer and director compensation and benefits properly allocable to us, and all other expenses necessary or appropriate to the conduct of the business of, and allocable to us. Our agreement provides that our general partner will determine the expenses that are allocable to us in any reasonable manner determined by our general partner in its sole discretion. Total costs reimbursed to our general partner and Plains Resources by us were approximately $44.7 million and $0.5 million for the year ended December 31, 1999 and for period from November 23, 1998

to December 31, 1998, respectively. Such costs include, (1) allocated personnel costs (such as salaries and employee benefits) of the personnel providing such services, (2) rent on office space allocated to our general partner in Plains Resources' offices in Houston, Texas (3) property and casualty insurance premiums and (4) out-of-pocket expenses related to the provision of such services.

Plains Resources allocated certain general and administrative expenses to the Plains Midstream Subsidiaries during 1998 and 1997. The types of indirect expenses allocated to the Plains Midstream Subsidiaries during this period were office rent, utilities, telephone services, data processing services, office supplies and equipment maintenance. Direct expenses allocated by Plains Resources were primarily salaries and benefits of employees engaged in the business activities of the Plains Midstream Subsidiaries.

Crude Oil Marketing Agreement

We are the exclusive marketer/purchaser for all of Plains Resources' equity crude oil production. The marketing agreement with Plains Resources provides that we will purchase for resale at market prices all of Plains Resources' crude oil production for which we charge a fee of $0.20 per barrel. For the year ended December 31, 1999 and the period from November 23, 1998 to December 31, 1998, we paid Plains Resources approximately $131.5 million and $4.1 million, respectively, for the purchase of crude oil under the agreement and recognized profits of approximately $1.5 million and $0.1 million from the marketing fee for the same periods, respectively. Prior to the marketing agreement, our predecessor marketed crude oil production of Plains Resources, its subsidiaries and its royalty owners. Our predecessor paid approximately $83.4 million and $101.2 million for the purchase of these products for the period from January 1, 1998 to November 22, 1998 and the year ended December 31, 1997, respectively. In management's opinion, these purchases were made at prevailing market prices. Our predecessor did not recognize a profit on the sale of the crude oil purchased from Plains Resources.

Financing

In December 1999, our general partner loaned us $114.0 million. This subordinated debt is due not later than November 30, 2005 (see Note 6). Interest expense related to the notes was $0.6 million for the year ended December 31, 1999.

To finance a portion of the purchase price of the Scurlock acquisition, we sold to our general partner 1.3 million Class B common units at $19.125 per unit, the market value of our common units on May 12, 1999 (see Note 4).

The balance of amounts due to affiliates at December 31, 1999 and 1998 was $42.7 million and $7.8 million, respectively, and was related to the transactions discussed above.

NOTE 14 -- LONG-TERM INCENTIVE PLANS

Our general partner has adopted the Plains All American Inc. 1998 Long-Term Incentive Plan for employees and directors of our general partner and its affiliates who perform services for us. The Long-Term Incentive Plan consists of two components, a restricted unit plan and a unit option plan. The Long-Term Incentive Plan currently permits the grant of restricted units and unit options covering an aggregate of 975,000 common units. The plan is administered by the Compensation Committee of our general partner's board of directors.

Restricted Unit Plan. A restricted unit is a "phantom" unit that entitles the grantee to receive a common unit upon the vesting of the phantom unit. As of March 15, 2000, an aggregate of approximately 500,000 restricted units have been authorized for grants to employees of our general partner, 170,000 of which have been granted with the remaining 330,000 to be granted in the near future. The Compensation Committee may, in the future, make additional grants under the plan to employees and directors containing such terms as the Compensation Committee shall determine. In general, restricted units granted to employees during the subordination period will vest only upon, and in the same proportions as, the conversion of the subordinated units to common units. Grants made to non-employee directors of our general partner will be eligible to vest prior to termination of the subordination period.

If a grantee terminates employment or membership on the board for any reason, the grantee's restricted units will be automatically forfeited unless, and to the extent, the Compensation Committee provides otherwise. Common units to be delivered upon the vesting of rights may be common units acquired by our general partner in the open market, common units already owned by our general partner, common units acquired by our general partner directly from us or any other person, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the cost incurred in acquiring common units. If we issue new common units upon vesting of the restricted units, the total number of common

units outstanding will increase. Following the subordination period, the Compensation Committee, in its discretion, may grant tandem distribution equivalent rights with respect to restricted units.

The issuance of the common units pursuant to the restricted unit plan is primarily intended to serve as a means of incentive compensation for performance. Therefore, no consideration will be paid to us by the plan participants upon receipt of the common units.

Unit Option Plan. The Unit Option Plan currently permits the grant of options covering common units. No grants have been made under the Unit Option Plan to date. However, the Compensation Committee may, in the future, make grants under the plan to employees and directors containing such terms as the committee shall determine, provided that unit options have an exercise price equal to the fair market value of the units on the date of grant. Unit options granted during the subordination period will become exercisable automatically upon, and in the same proportions as, the conversion of the subordinated units to common units, unless a later vesting date is provided.

Upon exercise of a unit option, our general partner will deliver common units acquired by it in the open market, purchased directly from us or any other person, or use common units already owned by our general partner, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the difference between the cost incurred by our general partner in acquiring such common units and the proceeds received by our general partner from an optionee at the time of exercise. Thus, the cost of the unit options will be borne by us. If we issue new common units upon exercise of the unit options, the total number of common units outstanding will increase, and our general partner will remit to us the proceeds received by it from the optionee upon exercise of the unit option.

We apply APB 25 and related interpretations in accounting for unit option plans. In accordance with APB 25, no compensation expense has been recognized for the unit option plan. Since no options have been granted to date, there is no pro forma effect of a fair value based method of accounting in accordance with Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123").

Transaction Grant Agreements. In addition to the grants made under the Restricted Unit Plan described above, our general partner, at no cost to us, agreed to transfer approximately 400,000 of its affiliates' common units (including distribution equivalent rights attributable to such units) to certain key employees of our general partner. A grant covering 50,000 of such common units was terminated in 1999. Generally, approximately 69,444 of the remaining common units vest in each of the years ending December 31, 1999, 2000 and 2001 if the operating surplus generated in such year equals or exceeds the amount necessary to pay the minimum quarterly distribution on all outstanding common units and the related distribution on our general partner interest. If a tranche of common units does not vest in a particular year, such common units will vest at the time the common unit arrearages for such year have been paid. In addition, approximately 47,224 of the remaining common units vest in each of the years ending December 31, 1999, 2000 and 2001 if the operating surplus generated in such year exceeds the amount necessary to pay the minimum quarterly distribution on all outstanding common units and subordinated units and the related distribution on our general partner interest. In 1999, approximately 69,444 of such common units vested and 47,224 of such common units remain unvested as no distribution on the subordinated units was made for the fourth quarter of 1999. Any common units remaining unvested shall vest upon, and in the same proportion as, the conversion of subordinated units to common units. Distribution equivalent rights are paid in cash at the time of the vesting of the associated common units. Notwithstanding the foregoing, all common units become vested if Plains All American Inc. is removed as our general partner prior to January 1, 2002.

We recognized noncash compensation expense of approximately $1.0 million for the year ended December 31, 1999 related to the transaction grants which vested in 1999. We reflected a capital contribution from our general partner for a like amount.

NOTE 15 -- COMMITMENTS AND CONTINGENCIES

We lease certain real property, equipment and operating facilities under various operating leases. We also incur costs associated with leased land, rights-of-way, permits and regulatory fees whose contracts generally extend beyond one year but can be canceled at any time should they not be required for operations. Future non-cancelable commitments related to these items at December 31, 1999, are summarized below (in thousands):

2000	$ 7,484
2001	5,158
2002	1,706
2003	1,033
2004	933
Later years	1,528

Total lease expense incurred for 1999 was $8.9 million. Lease expense incurred for the period from November 23, 1998 to December 31, 1998 and from January 1, 1998 to November 22, 1998 was $0.2 million and $0.9 million, respectively.

During 1997, the All American Pipeline experienced a leak in a segment of its pipeline in California which resulted in an estimated 12,000 barrels of crude oil being released into the soil. Immediate action was taken to repair the pipeline leak, contain the spill and to recover the released crude oil. We have expended approximately $400,000 to date in connection with this spill and do not expect any additional expenditures to be material, although we can provide no assurances in that regard.

Prior to being acquired by our predecessor in 1996, the Ingleside Terminal experienced releases of refined petroleum products into the soil and groundwater underlying the site due to activities on the property. We are undertaking a voluntary state-administered remediation of the contamination on the property to determine the extent of the contamination. We have proposed extending the scope of our study and are awaiting the state's response. We have spent approximately $130,000 to date in investigating the contamination at this site. We do not anticipate the total additional costs related to this site to exceed $250,000, although no assurance can be given that the actual cost could not exceed such estimate. In addition, a portion of any such costs may be reimbursed to us from Plains Resources.

Litigation

Texas Securities Litigation. On November 29, 1999, a class action lawsuit was filed in the United States District Court for the Southern District of Texas entitled Di Giacomo v. Plains All American Pipeline, et al. The suit alleged that Plains All American Pipeline, L.P. and certain of our general partner's officers and directors violated federal securities laws, primarily in connection with unauthorized trading by a former employee. An additional nineteen cases have been filed in the Southern District of Texas, some of which name our general partner and Plains Resources as additional defendants. Plaintiffs allege that the defendants are liable for securities fraud violations under Rule 10b-5 and Section 20(a) of the Securities Exchange Act of 1934 and for making false registration statements under Sections 11 and 15 of the Securities Act of 1933. The court has consolidated all subsequently filed cases under the first filed action described above. Two unopposed motions are currently pending to appoint lead plaintiffs. These motions ask the court to appoint two distinct lead plaintiffs to represent two different plaintiff classes: (1) purchasers of Plains Resources common stock and options and (2) purchasers of our common units. Once lead plaintiffs have been appointed, the plaintiffs will file their consolidated amended complaints. No answer or responsive pleading is due until thirty days after a consolidated amended complaint is filed.

Delaware Derivative Litigation. On December 3, 1999, two derivative lawsuits were filed in the Delaware Chancery Court, New Castle County, entitled Susser v. Plains All American Inc., et al and Senderowitz v. Plains All American Inc., et al. These suits, and three others which were filed in Delaware subsequently, named our general partner, its directors and certain of its officers as defendants, and allege that the defendants breached the fiduciary duties that they owed to Plains All American Pipeline, L.P. and its unitholders by failing to monitor properly the activities of its employees. The derivative complaints allege, among other things, that Plains All American Pipeline has been harmed due to the negligence or breach of loyalty of the officers and directors that are named in the lawsuits. These cases are currently in the process of being consolidated. No answer or responsive pleading is due until these cases have been consolidated and a consolidated complaint has been filed.

We are a defendant, in the ordinary course of business, in various other legal proceedings in which our exposure, individually and in the aggregate, is not considered material to the accompanying financial statements.

We may experience future releases of crude oil into the environment from our pipeline and storage operations, or discover releases that were previously unidentified. While we maintain an extensive inspection program designed to prevent and, as applicable, to detect and address such releases promptly, damages and liabilities incurred due to any future environmental releases from our assets may substantially affect our business.

NOTE 16 -- QUARTERLY FINANCIAL DATA (UNAUDITED)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
	(IN THOUSANDS, EXCEPT PER UNIT DATA)				
1999(1)					
Revenues	$ 455,760	$ 862,524	$1,127,808	$2,255,829	$4,701,921
Gross margin	(1,546)	4,985	(38,922)	(20,643)	(56,126)
Operating loss	(6,965)	(4,624)	(51,892)	(33,597)	(97,078)
Net loss	(10,061)	(9,154)	(60,131)	(24,014)	(103,360)
Net loss per limited partner unit	(0.33)	(0.29)	(1.88)	(0.69)	(3.21)
Cash distributions per common unit(2)	$ 0.450	$ 0.463	$ 0.481	$ 0.450	$ 1.844
1998(1)					
Revenues	$ 167,461	$ 163,222	$ 424,970	$ 374,036	$1,129,689
Gross margin	4,004	5,196	6,914	15,266	31,380
Operating income	2,715	3,823	3,410	10,764	20,712
Net income (loss)	1,240	2,014	(1,212)	3,992	6,034
Net income (loss) per limited partner unit	0.07	0.12	(0.07)	0.17	(3.21)
Cash distributions per common unit(2)	$ --	$ --	$ --	$ 0.193	$ 0.193

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(1) As indicated in Note 3, quarterly results have been restated from amounts previously reported due to the unauthorized trading losses.

(2) Represents cash distributions declared per common unit for the period indicated. Distributions are paid in the quarter following declaration.

NOTE 17 -- OPERATING SEGMENTS

Our operations consist of two operating segments: (1) Pipeline Operations - engages in interstate and intrastate crude oil pipeline transportation and certain related merchant activities; (2) Marketing, Gathering, Terminalling and Storage Operations - engages in purchases and resales of crude oil at various points along the distribution chain and the leasing of certain terminalling and storage assets. Prior to the July 1998 acquisition of the All American Pipeline and SJV Gathering System, our predecessor had only marketing, gathering, terminalling and storage operations. We evaluate segment performance based on gross margin, gross profit and income before provision in lieu of income taxes and extraordinary items.

The following table summarizes segment revenues, gross margin, gross profit and income (loss) before provision in lieu of income taxes and extraordinary items:

(IN THOUSANDS)	PIPELINE	MARKETING, GATHERING, TERMINATING & STORAGE	TOTAL
1999			
Revenues:			
External Customers	$ 854,377	$ 3,847,544	$ 4,701,921
Intersegment(a)	131,445	-	131,445
Other	195	763	958
Total revenues of reportable segments	$ 986,017	$ 3,848,307	$ 4,834,324
Segment gross margin(b)	$ 58,001	$ (114,127)	$ (56,126)
Segment gross profit(c)	55,384	(133,708)	(78,324)
Net income (loss) before extraordinary item	46,075	(147,890)	(101,815)
Interest expense	13,572	7,567	21,139
Depreciation and amortization	10,979	6,365	17,344
Capital expenditures	69,375	119,911	189,286
Total assets	524,438	698,599	1,223,037
COMBINED TOTAL FOR THE YEAR ENDED DECEMBER 31, 1998 (RESTATED) (UNAUDITED)			
Revenues:			
External Customers	$ 254,228	$ 875,461	$ 1,129,689
Intersegment(a)	23,195	2,820	26,015
Other	603	(19)	584
Total revenues of reportable segments	$ 278,026	$ 878,262	$ 1,156,288
Segment gross margin(b)	$ 16,768	$ 14,612	$ 31,380
Segment gross provision in lieu of profit(c)	15,723	10,360	26,083
Net income before provision in lieu of income taxes	3,187	5,478	8,665
Interest expense	9,108	3,523	12,631
Depreciation and amortization	4,031	1,340	5,371
Provision in lieu of income taxes	822	1,809	2,631
Capital expenditures	393,731	7,212	400,943
Total assets	471,864	135,322	607,186
NOVEMBER 23, 1998 TO DECEMBER 31, 1998 (RESTATED)			
Revenues:			
External Customers	$ 54,089	$ 122,356	$ 176,445
Intersegment(a)	2,029	429	2,458
Other	-	12	12
Total revenues of reportable segments	$ 56,118	$ 122,797	$ 178,915
Segment gross margin(b)	$ 3,546	$ 1,553	$ 5,099
Segment gross profit(c)	3,329	999	4,328
Net income	1,035	742	1,777
Interest expense	1,321	50	1,371
Depreciation and amortization	973	219	1,192
Capital expenditures	352	2,535	2,887
Total assets	471,864	135,322	607,186
JANUARY 1, 1998 TO NOVEMBER 22, 1998 (PREDECESSOR) (RESTATED)			
Revenues:			
External Customers	$ 200,139	$ 753,105	$ 953,244
Intersegment(a)	21,166	2,391	23,557
Other	603	(31)	572
Total revenues of reportable segments	$ 221,908	$ 755,465	$ 977,373
Segment gross margin(b)	$ 13,222	$ 13,059	$ 26,281
Segment gross profit(c)	12,394	9,361	21,755
Net income before provision in lieu of income taxes	2,152	4,736	6,888
Interest expense	7,787	3,473	11,260
Depreciation and amortization	3,058	1,121	4,179
Provision in lieu of income taxes	822	1,809	2,631
Capital expenditures	393,379	4,677	398,056

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

EXHIBIT 10.23

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") dated as of the 1/st/ day of December, 1999, by and among ALL AMERICAN PIPELINE, L.P. ("Borrower"), PLAINS MARKETING, L.P. ("Marketing"), PLAINS ALL AMERICAN PIPELINE, L.P. ("Plains MLP"), and BANKBOSTON, N.A., as Administrative Agent (in such capacity, "Administrative Agent"), and the Lenders party hereto.

W I T N E S S E T H:

WHEREAS, Borrower, Marketing, Plains MLP, Administrative Agent, and Lenders entered into that certain Credit Agreement dated as of November 17, 1998 (as amended, restated, or supplemented to the date hereof, the "Original Agreement") for the purposes and consideration therein expressed, pursuant to which Lenders became obligated to make and made loans to Borrower as therein provided; and

WHEREAS, Borrower, Marketing, Plains MLP, Administrative Agent, and Lenders desire to amend and restate the Original Agreement for the purposes described herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, as amended and restated hereby, in consideration of the loans which may hereafter be made by Lenders to Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I. -- Definitions and References; Restatement

(S) 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement, as amended and restated hereby, shall have the same meanings whenever used herein.

(S) 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used herein shall have the meanings assigned to them in this (S) 1.2.

"Amendment" means this Amended and Restated Credit Agreement.

"Credit Agreement" means the Original Agreement as amended and restated hereby.

(S) 1.3. Restatement. The Original Agreement is hereby restated in its current form with the amendments set forth herein below. This Amendment, together with the Original Agreement, shall be deemed to be an amendment and restatement of the Original Agreement. All references to the Credit Agreement in any other document, instrument, agreement, or writing shall hereafter

be deemed to refer to this Amendment and to the Original Agreement as amended and restated hereby.

(S) 2.1. Definitions.

(a) Modifications. References to the "Marketing Credit Agreement" contained in the Original Credit Agreement shall be deemed to refer to such agreement as amended from time to time, including as of the date hereof. The definitions of Base Rate, Consolidated EBITDA, Consolidated Funded Indebtedness, Default Rate, Interest Expense, Letter of Credit Fee Rate, Revolver Eurodollar Rate Margin, and Term Loan Eurodollar Rate Margin contained in Section 1.1 of the Original Agreement are hereby amended in their entirety to read as follows:

"Base Rate' means the sum of (a) the Base Rate Margin plus (b) the higher of (i) the annual rate of interest announced from time to time by Administrative Agent at its "base rate" at its head office in Boston, Massachusetts, or (ii) 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."

"Consolidated EBITDA' means, for any four-Fiscal Quarter period, the sum of (1) the Consolidated Net Income of Plains MLP 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, plus (5) the Identified Loss Adjustment, minus (6) all non-cash items of income which were included in determining such Consolidated Net Income. The term "Identified Loss Adjustment" means (i) for each four-Fiscal Quarter period ending on or prior to March 31, 2000, the portion of the Identified Loss incurred in such period not to exceed an aggregate amount of $180,000,000 and (ii) for each four-Fiscal Quarter period ending after March 31, 2000, zero."

"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 Plains MLP 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 Plains MLP 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 Plains MLP and its Consolidated Subsidiaries; provided, however, Consolidated Funded Indebtedness shall not include (i) Indebtedness in respect of letters of credit or in respect of Cash and Carry Purchases and (ii) subordinate Indebtedness referred to in subsection 7.1(g)."

"Default Rate' means, at the time in question, (i) four percent (4%) per annum plus the Adjusted Eurodollar Rate then in effect for any Eurodollar Loan (up to the end of the applicable Interest Period) or (ii) two percent (2%) per annum plus the Base Rate for each Base Rate Loan; provided, however, the Default Rate shall never exceed the Highest Lawful Rate."

"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 Plains MLP and its Subsidiaries and all other items required to be eliminated in the course of the preparation of Consolidated financial statements of Plains MLP and its Subsidiaries in accordance with GAAP): (a) all interest and commitment fees in respect of Indebtedness of Plains MLP 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 Plains MLP or any of its Subsidiaries, which are accrued during such period and whether expensed in such period or capitalized. Interest which is accrued but unpaid on the subordinate Indebtedness referred to in subsection 7.1(g), the fees payable pursuant to the letter agreement described in Section 2.12(d)(ii) of the Marketing Agreement, and the amendment fee payable pursuant to Section 3.1(f) of the Third Amendment to the Credit Agreement shall not be treated as Interest Expense.

"Letter of Credit Fee Rate' means two and one-quarter percent (2.25%) per annum."

"Revolver Eurodollar Rate Margin' means two and one-quarter percent (2.25%) per annum."

"Term Loan Eurodollar Rate Margin' means two and one-quarter percent (2.25%) per annum."

(b) Additions. The following definitions are hereby added to Section 1.1 of the Original Agreement:

"Base Rate Margin' means three-quarters of one percent (0.75%) per annum."

"Identified Loss' means (i) the loss in the aggregate amount of $160,000,000 arising from unauthorized trading activity by Marketing during the period of January 1, 1999 to November 20, 1999 plus (ii) the fees and expenses of lawyers, accountants and

other professionals and fees associated with amendments and waivers by lenders, in each case associated with such loss in an aggregate amount up to $20,000,000."

(c) Deletions. The definitions of "Applicable Leverage Ratio", "Applicable Rating Level", and "Term Loan Base Rate Margin" are hereby deleted in their entirety from the Original Agreement.

(S) 2.2. Interest Rates and Fees. The reference to "Base Rate plus the Term Loan Base Rate Margin" in Section 2.5(b) of the Original Agreement is hereby deemed to read "Base Rate".

(S) 2.3. Indebtedness.

(a) Section 7.1(e) of the Original Agreement is hereby amended in its entirety to read as follows:

"(e) Indebtedness under the Marketing Credit Agreement, provided that the principal amount of loans and face amount of letters of credit thereunder at any one time outstanding shall not exceed $375,000,000;"

(b) Section 7.1 of the Original Agreement is hereby amended by renumbering clause (g) to be clause (h) and to insert a new clause (g), to read as follows:

"(g) Indebtedness in a principal amount not at any time in excess of $114,000,000 (plus accrued unpaid interest on such principal amount) owing by Marketing to General Partner and subordinated to the Obligations under this Agreement and the Indebtedness under the Marketing Agreement on terms and conditions satisfactory to Administrative Agent."

(S) 2.4. Limitation on Dividends and Redemptions. Section 7.6 of the Original Agreement is hereby to read as follows:

"Section 7.6 Limitation on Dividends and Redemptions. 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 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 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 is outstanding. Notwithstanding the foregoing, but subject to Section 7.5, (i) Subsidiaries of Plains MLP, Borrower, or of any Guarantor shall not be restricted, directly or indirectly, from declaring and paying dividends or making any other distributions to Plains MLP, 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) Plains MLP may make a regular quarterly distribution of Available

Cash to its partners in accordance with the Partnership Agreement if, and only if, Majority Lenders shall have given their prior written consent to such distribution."

(S) 2.5. Current Ratio. Section 7.11 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.11. Current Ratio. The ratio of (i) the sum of Plains MLP's Consolidated current assets plus the excess, if any, of the Revolver Commitment over the Revolver Usage to (ii) Plains MLP's Consolidated current liabilities will never be less than 1.0 to 1.0. For purposes of this section, Plains MLP's Consolidated current liabilities will be calculated without including (a) any payments of principal on the Notes which are required to be repaid within one year from the time of calculation and (b) all Liabilities arising under permitted Hedging Contracts. Further, Consolidated current liabilities shall be decreased by (x) $105,000,000 for the period from December 1, 1999 to and including January 31, 2000 and (y) $10,000,000 for the period from January 31, 2000 through and including February 28, 2000."

(S) 2.6. Debt to Capital Ratio. Section 7.15 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.15 Debt to Capital Ratio. On or before April 30, 2000, the ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth plus one-half (50%) of the Identified Loss will never be greater than .60 to 1.0 at any time. After April 30, 2000, the ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth will never be greater than .60 to 1.0 at any time."

(S) 2.7. Open Inventory Position. Section 7.16 is hereby added to the Original Agreement to read as follows:

"Section 7.16. Open Inventory Position. Borrower shall not at any time have an Open Position other than inventory consisting of tank bottoms, pipeline line fill requirements and other working inventory not to exceed at any time 600,000 barrels in the aggregate."

(S) 2.8. Waiver. This Amendment, upon its effectiveness as provided in (S) 3.1, shall waive (i) the violations of Sections 7.6, 7.11, and 7.15 of the Original Agreement by Borrower on and prior to the date hereof, based upon unauthorized trading activities disclosed by Plains MLP in its press release of November 29, 1999, (ii) the Events of Default arising under Sections 8.1(f) and 8.1(g) of the Original Agreement on and prior to the date hereof, based upon unauthorized trading activities disclosed by Plains MLP in its press release of November 29, 1999, and (iii) those Defaults and Events of Default occurring on or before December 1, 1999 resulting from the foregoing.

(S) 2.9. Consent. Each Lender a party hereto hereby consents to (i) the sale by Borrower of the linefill carried in the All American Pipeline during the period from December 1, 1999 through February 29, 2000 as is contracted for on the date of this Amendment, (ii) any earlier monetization of such linefill and the contracts for the sale thereof (including, without limitation, a sale or loan with recourse limited to such linefill and contracts), (iii) the retention of the proceeds of such sale or monetization in a cash collateral account within the control of Administrative Agent under the Credit Agreement to secure, on a first priority basis, the Obligations and, on a second priority basis, the Indebtedness under the Marketing Credit Agreement, in accordance with the Intercreditor Agreement, (iv) the delivery of such proceeds to Marketing by the Administrative Agent from time to time upon request by Marketing for the payment of accounts payable of Marketing on the date such payables are actually paid and (v) the release of the Lien under the Security Documents on such linefill and such proceeds upon use of such proceeds for such purpose. The Restricted Persons agree that the portion of the transferred proceeds owned by Borrower shall be made as a loan from Borrower to Marketing, and that such loan shall evidenced in a manner satisfactory to the Administrative Agent and shall be subordinated to the Obligations under the Credit Agreement and to the Indebtedness under the Marketing Credit Agreement on terms and conditions satisfactory to the Administrative Agent.

ARTICLE III. -- Conditions of Effectiveness

(S) 3.1. Effective Date. This Amendment shall become effective as of the date first above written when and only when:

(a) Administrative Agent shall have received, at Administrative Agent's office: (i) a counterpart of this Amendment executed and delivered by Borrower, Marketing, Plains MLP, Administrative Agent, and each Lender, (ii) a certificate of a duly authorized officer of General Partner (A) stating that all of the representations and warranties set forth in Article IV hereof are true and correct at and as of the time of such effectiveness, (B) stating that no Material Adverse Change shall have occurred other than the Identified Loss, and (C) having attached thereto as an exhibit a copy of resolutions duly adopted by the Board of Directors of General Partner in full force and effect at the time that this Amendment is entered into, and containing such other certifications as shall be required by Administrative Agent, in form and substance acceptable to Administrative Agent, (iii) an opinion of Fulbright & Jaworski, L.L.P., special Texas and New York counsel to Restricted Persons, in form and substance acceptable to Administrative Agent in Administrative Agent's sole and absolute discretion, and (iv) an opinion of Michael R. Patterson, General Counsel for Restricted Persons.

(b) General Partner shall have made on or after November 21, 1999 a loan to Marketing in an amount not less than $64,000,000 which loan shall have been subordinated to the Obligations upon terms and conditions satisfactory to Administrative Agent.

(c) Marketing shall have used its best efforts to have pledged all of the outstanding limited partnership interests in Plains Scurlock Permian, L.P. as Collateral

pursuant to Security Documents satisfactory to Administrative Agent, such Collateral to be "Marketing Priority Collateral" (as such term is defined in the Intercreditor Agreement).

(d) Payment of all fees and expenses of Thompson & Knight LLP, counsel to Administrative Agent.

(e) A contemporaneous amendment to the Marketing Credit Agreement which has the effect of increasing the Maximum Facility Amount (as defined therein) to not less than $300,000,000 (as set forth on Schedule 3.1) but no more than $450,000,000 and making substantially the same amendments and waivers as set forth in (S)(S) 2.3 - 2.7 of this Amendment and amending the definition of Consolidated EBITDA as set forth in (S) 2.1 of this Amendment.

(f) The payment to each Lender of an amendment fee of .375% of the sum of such Lender's Revolver Commitment plus such Lender's Term Loans.

(g) Administrative Agent shall have received all documents and instruments which Administrative Agent has then requested, in addition to those described in the foregoing (S) 3.1(a) through and including (S) 3.1(f).

ARTICLE IV. -- Representations and Warranties

(S) 4.1. Representations and Warranties of Plains MLP and Borrower. In order to induce Administrative Agent and Lenders to enter into this Amendment, Plains MLP and Borrower represent and warrant to Administrative Agent and each Lender that:

(a) The representations and warranties contained in Article V of the Original Agreement are true and correct at and as of the time of the effectiveness hereof, except to the extent that such representation and warranty was made as of a specific date.

(b) Each Restricted Person is duly authorized to execute and deliver this Amendment, and Borrower is and will continue to be duly authorized to borrow and perform its obligations under the Credit Agreement. Each Restricted Person has duly taken all corporate action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of their respective obligations hereunder.

(c) The execution and delivery by each Restricted Person of this Amendment, the performance by each Restricted Person of its respective obligations hereunder, and the consummation of the transactions contemplated hereby, do not and will not conflict with any provision of law, statute, rule or regulation or of the constituent documents of any Restricted Person, or of any material agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or result in the creation of any lien, charge or encumbrance upon any assets or properties of any Restricted Person, except in favor of Administrative Agent for the benefit of Lenders and other Permitted Liens. Except for those which have been duly obtained, no consent, approval, authorization or

order of any court or governmental authority or third party is required in connection with the execution and delivery by any Restricted Person of this Amendment or to consummate the transactions contemplated hereby.

(d) When this Amendment has been duly executed and delivered, each of the Loan Documents, as amended by this Amendment, will be a legal and binding instrument and agreement of each Restricted Person, enforceable in accordance with its terms, (subject, as to enforcement of remedies, to applicable bankruptcy, insolvency and similar laws applicable to creditors' rights generally and to general principles of equity).

(e) No Material Adverse Change has occurred other than the Identified Loss.

ARTICLE V. -- Miscellaneous

(S) 5.1. Ratification of Agreements; Release. The Original Agreement, as hereby amended, is hereby ratified and confirmed in all respects. The Loan Documents (including but not limited to each Guaranty), as they may be amended or affected by this Amendment, are hereby ratified and confirmed in all respects by each Restricted Person to the extent a party thereto. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Amendment also. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Administrative Agent or any Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document. As further consideration and to induce each Lender Party to enter into and grant the accommodations contained in this Amendment, each Restricted Person - on behalf of itself and, to the extent it is permitted by law or is otherwise expressly authorized to do so, on behalf of all of its affiliates (collectively, "Releasing Parties") -- hereby generally release and forever discharge each Lender party and each of their respective affiliates (collectively, "Released Parties"), from any and all claims, demands, and causes of action of whatever kind or character which such Releasing party has, or may have in the future, based on any actions, failures to act, or events that have occurred prior to the effective date hereof, which in any way relate to or are based upon (i) any transactions of any kind among the Releasing Parties , on the one hand, and the Released Parties, on the other hand, or (ii) any actual or alleged negotiations, discussions, representations, warranties, promises, or other undertakings by Released Parties in connection with any of the foregoing (the "Released Claims"). This release is to be construed as the broadest type of general release and covers and releases any and all Released Claims, whether known or unknown and however or whenever arising, whether by contract or agreement, at law or under any statute (including without limitation any law or statute pertaining to negligence, gross negligence, strict liability, fraud, deceptive trade practices, negligent misrepresentation, securities violations, breach of fiduciary duty, breach of contract, trade regulation, regulation of business or competition, conspiracy or racketeering), or otherwise arising, and expressly including any claims for punitive or exemplary damages, attorneys' fees, or penalties. To the extent that any Released Claims with respect to Released Parties have not been released by this letter agreement, each Releasing Party hereby assign s such Released Claims to Released Parties.

(S) 5.2. Ratification of Security Documents. Restricted Persons, Administrative Agent, and Lenders each acknowledge and agree that any and all indebtedness, liabilities or obligations arising under or in connection with the LC Obligations, as amended hereby, or the Notes, as

amended hereby, are Obligations and are secured indebtedness under, and are secured by, each and every Security Document to which any Restricted Person is a party. Each Restricted Person hereby re-pledges, re-grants and re-assigns a security interest in and lien on every asset of the such Restricted Person described as Collateral in any Security Document. Each Lender hereby acknowledges and confirms that all Obligations under the Credit Agreement, as amended hereby, shall be subject to the terms of the Intercreditor Agreement and hereby acknowledges and agrees that the Collateral described in Section 3.1(c) hereof shall be deemed "Marketing Priority Collateral" (as defined in the Intercreditor Agreement).

(S) 5.3. Ratification of Intercreditor Agreement. Each Lender hereby acknowledges and confirms that all Obligations under the Credit Agreement, as amended hereby, and the "Obligations" under the Marketing Credit Agreement, as amended on the date hereof, shall be and shall remain subject to the terms and entitled to the benefits of the Intercreditor Agreement.

(S) 5.4. Survival of Agreements. All representations, warranties, covenants and agreements of the Restricted Persons herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of each Loan, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by any Restricted Person hereunder or under the Credit Agreement to Administrative Agent or any Lender shall be deemed to constitute representations and warranties by, or agreements and covenants of, such Restricted Person under this Amendment and under the Credit Agreement.

(S) 5.5. Loan Documents. This Amendment is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto.

(S) 5.6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA IN ALL RESPECTS, INCLUDING CONSTRUCTION, VALIDITY AND PERFORMANCE.

(S) 5.7. Counterparts. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment.

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC., its general partner

By: /s/ Phil Kramer
Phil Kramer
Executive Vice President

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC., its general partner

By: /s/ Phil Kramer

Phil Kramer
Executive Vice President

PLAINS MARKETING, L.P.

By: PLAINS ALL AMERICAN INC., its general partner

By: /s/ Phil Kramer

Phil Kramer
Executive Vice President

BANKBOSTON, N.A., as Administrative Agent and Lender

By: /s/ T. Ronan

Name: T. Ronan
Title: Director

WELLS FARGO BANK (TEXAS), NATIONAL
ASSOCIATION, as Lender

By: /s/ Ann Rhoads

Name: Ann Rhoads
Title: Vice President

BANK OF SCOTLAND, as Lender

By: /s/ Jack S. Dykes

Name: Jack S. Dykes
Title: Executive Vice President

HIBERNIA NATIONAL BANK, as Lender

By: /s/ David R. Reid

Name: David R. Reid
Title: Senior Vice President

BANK OF AMERICA, N.A., as Lender

By: /s/ Irene C. Rummel

Name: Irene C. Rummel
Title: Vice President

FIRST UNION NATIONAL BANK, Lender

By: /s/ Paul N. Riddle

Name: Paul N. Riddle
Title: Senior Vice President

CREDIT AGRICOLE INDOSUEZ, as Lender

By: /s/ Douglas A. Whiddon

Name: Douglas A. Whiddon
Title: Senior Vice President
Senior Relationship Manager

By: /s/ Patrick Cocquerel

Name: Patrick Cocquerel
Title: First Vice President, Managing Director, Head of Houston Representative Office

UNION BANK OF CALIFORNIA, N.A., as Lender

By: /s/ Dustin Gaspari

Name: Dustin Gaspari
Title: Assistant Vice President

By: /s/ John A. Clark

Name: John A. Clark
Title: Vice President

BANK ONE, TEXAS, N.A., as Lender

By: /s/ Charles Kingwell-Smith

Name: Charles Kingwell-Smith
Title: First Vice President

EXHIBIT 10.24

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") dated as of the 1/st/ day of December, 1999, by and among PLAINS MARKETING, L.P. ("Borrower"), ALL AMERICAN PIPELINE, L.P. ("All American"), PLAINS ALL AMERICAN PIPELINE, L.P. ("Plains MLP"), and BANKBOSTON, N.A., as Administrative Agent (in such capacity, "Administrative Agent"), First Union National Bank, as Syndication Agent, and Bank of America, N.A., as Documentation Agent, and the Lenders party hereto.

W I T N E S S E T H:

WHEREAS, Borrower, All American, Plains MLP, Administrative Agent, and Lenders entered into that certain Amended and Restated Credit Agreement dated as of November 17, 1998 (as amended, restated, or supplemented to the date hereof, the "Original Agreement") for the purposes and consideration therein expressed, pursuant to which Lenders became obligated to make and made loans to Borrower as therein provided; and

WHEREAS, Borrower, All American, Plains MLP, Administrative Agent, and Lenders desire to amend and restate the Original Agreement for the purposes described herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, as amended and restated hereby, in consideration of the loans which may hereafter be made by Lenders to Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I. -- Definitions and References; Restatement

(S) 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement, as amended and restated hereby, shall have the same meanings whenever used herein.

(S) 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used herein shall have the meanings assigned to them in this (S) 1.2.

"Amendment" means this Second Amended and Restated Credit Agreement.

"Credit Agreement" means the Original Agreement as amended and restated hereby.

(S) 1.3. Restatement. The Original Agreement is hereby restated in its current form with the amendments set forth herein below. This Amendment, together with the Original Agreement, shall be deemed to be an amendment and restatement of the Original Agreement. All references to the Credit Agreement in any other document, instrument, agreement, or writing shall hereafter

be deemed to refer to this Amendment and to the Original Agreement as amended and restated hereby.

(S) 1.4. Agents. First Union National Bank is hereby designated as Syndication Agent hereunder and Bank of America, N.A. is hereby designated as Documentation Agent hereunder; provided, however, that neither First Union National Bank, as Syndication Agent, nor Bank of America, N.A., as Documentation Agent (the "Co-Agents"), shall have any duties or responsibilities whatsoever in such agency capacities (as opposed to its capacity as a Lender) under or in connection with the Original Agreement, as amended and restated hereby, or under any of the other Loan Documents. The relationship between Borrower, on the one hand, and the Co-Agents and Administrative Agent, on the other hand, shall be solely that of borrower and lender. None of the Co-Agents nor the Administrative Agent nor any Lender shall have any fiduciary responsibilities to Borrower or any of its Affiliates. None of the Co-Agents nor the Administrative Agent nor any Lender undertakes any responsibility to Borrower or any of its respective Affiliates to review or inform Borrower of any matter in connection with any phase of Borrower's or such Affiliate's business or operations.

ARTICLE II. -- Amendments and Waiver

(S) 2.1. Definitions.

(a) Modifications. References to the "All American Agreement" contained in the Original Credit Agreement shall be deemed to refer to such agreement as amended from time to time, including as of the date hereof. The definitions of Base Rate, Borrowing Base, Consolidated EBITDA, Consolidated Funded Indebtedness, Default Rate, Eurodollar Rate Margin, First Purchase Crude Payables, Interest Expense, Interest Payment Date, Material Market Open Position Loss and Maximum Facility Amount contained in Section 1.1 of the Original Agreement are hereby amended in their entirety to read as follows:

"Base Rate' means the sum of (a) the Base Rate Margin plus (b) the higher of (i) the annual rate of interest announced from time to time by Administrative Agent at its "base rate" at its head office in Boston, Massachusetts, or (ii) 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."

"Borrowing Base' means the remainder of (a) minus (b) below as of the date of determination:

(a) the sum of the following as of the date of determination:

(i) 100% of Eligible Cash Equivalents; plus

(ii) 90% of Approved Eligible Receivables; plus

(iii) 85% of Eligible Margin Deposits; plus

(iv) the lesser of (A) 95% of Hedged Eligible Inventory plus 100% of Other Eligible Inventory Value or (B) $40,000,000 prior to November 30, 1999, $22,000,000 on and after December 1 and prior to January 31, 2000 and zero thereafter; plus

(v) 80% of Eligible Exchange Balances, plus

(vi) 100% of all Paid but Unexpired Letters of Credit

MINUS (b) the following as of the date of determination:

(i) 100% of First Purchase Crude Payables; plus

(ii) 100% of Other Priority Claims, plus

(iii) The Estimate Adjustment Amount as provided in Section 2.13, plus

(iv) The amount of any setoff or contra account to any Eligible Receivable which could arise from a purchase obligation of crude oil in any future month to the extent not otherwise reflected as a reduction of Eligible Receivables."

"Consolidated EBITDA' means, for any four-Fiscal Quarter period, the sum of (1) the Consolidated Net Income of Plains MLP 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, plus (5) the Identified Loss Adjustment, minus (6) all non-cash items of income which were included in determining such Consolidated Net Income. The term "Identified Loss Adjustment" means (i) for each four-Fiscal Quarter period ending on or prior to March 31, 2000, the portion of the Identified Loss incurred in such period not to exceed an aggregate amount of $180,000,000 and (ii) for each four-Fiscal Quarter period ending after March 31, 2000, zero."

"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 Plains MLP 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 Plains MLP 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 Plains MLP and its Consolidated Subsidiaries; provided, however, Consolidated Funded Indebtedness shall not include (i) Indebtedness in respect of letters of credit or in respect of Cash and Carry Purchases and (ii) subordinate Indebtedness referred to in subsection 7.1(g)."

"Default Rate' means, at the time in question, (i) four percent (4%) per annum plus the Adjusted Eurodollar Rate then in effect for any Eurodollar Loan (up to the end of the applicable Interest Period) or (ii) two percent (2%) per annum plus the Base Rate for each Base Rate Loan; provided, however, the Default Rate shall never exceed the Highest Lawful Rate."

"Eurodollar Rate Margin' means two and one quarter percent (2.25%) per annum."

"First Purchase Crude Payables' means the unpaid amount of any payable obligation related to the purchase of crude oil by Borrower which Administrative Agent determines will be secured by a statutory Lien, including but not limited to the statutory Liens, if any, created under the laws of Texas, New Mexico, Wyoming, Kansas, and/or Oklahoma to the extent such payable obligation is not at the time in question covered by a Letter of Credit."

"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 Plains MLP and its Subsidiaries and all other items required to be eliminated in the course of the preparation of Consolidated financial statements of Plains MLP and its Subsidiaries in accordance with GAAP): (a) all interest and commitment fees in respect of Indebtedness of Plains MLP 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 Plains MLP or any of its Subsidiaries, which are accrued during such period and whether expensed in such period or capitalized. Interest which is accrued but unpaid on the subordinate Indebtedness referred to in subsection 7.1(g), the fees payable pursuant to the letter agreement described in Section 2.12(d)(ii), and the amendment fee payable pursuant to Section 3.1(f) of the Third Amendment to the All American Agreement shall not be treated as Interest Expense.

"Interest Payment Date' means (a) with respect to each Base Rate the last day of each calendar month, and (b) with respect to each Eurodollar Loan, the last day of each calendar month and the last day of the Interest Period that is applicable to such Eurodollar Loan."

"Material Market Open Position Loss' means a cumulative amount of net losses resulting from open inventory positions (excluding inventory consisting of tank bottoms, pipeline linefill requirements and other working inventory of up to 600,000 barrels in the aggregate) of all Restricted Persons on a mark to market basis during any period of 12

consecutive months in excess of $5,000,000 (exclusive of linefill carried in the All American Pipeline), calculated without inclusion of that portion of the Identified Loss incurred during such period."

"Maximum Facility Amount' means the following amounts as such amounts may be reduced by Borrower from time to time as provided in Section 2.12.:

(a) from November 17, 1998 to and including November 30, 1999, $175,000,000;

(b) from and including December 1, 1999 to and including December 31, 1999, $255,000,000 for Letters of Credit, plus an aggregate amount for Loans of $40,000,000 of which no more than $22,000,000 shall be for Cash and Carry Purchases;

(c) from and including January 1, 2000 to and including January 31, 2000, $301,000,000 for Letters of Credit and Cash and Carry Purchases of which no more than $22,000,000 shall be for Cash and Carry Purchases, plus an aggregate amount for other Loans of $14,000,000;

(d) from and including February 1, 2000 to and including April 30, 2000, $225,000,000 for Letters of Credit plus an aggregate amount for Loans of $14,000,000;

(e) from and including May 1, 2000 to and including June 30, 2000, $225,000,000 for Letters of Credit; and

(f) from and including July 1, 2000 to the last day of the Commitment Period, $200,000,000 for Letters of Credit."

(b) Deletions. The definitions of "Applicable Leverage Ratio" and "Applicable Rating Level" are hereby deleted in their entirety from the Original Agreement.

(c) Additions. The following definitions are hereby added to Section 1.1 of the Original Agreement:

"Base Rate Margin' three-quarters of one percent (0.75%) per annum."

"Back to Back Transaction' means a specific transaction for either (i) a specific purchase of crude oil that is matched, alone or with one or more other specifically identified purchases, with one or more specifically identified sales of crude oil having substantially the same or equivalent volume, price basis, delivery location, delivery time and commodity specifications so as to represent back to back transactions satisfactory to the Administrative Agent or any Person designated by Administrative Agent for the purpose of reviewing such transactions, or (ii) a specific exchange of equal volumes of crude oil that have the same or substantially equivalent price basis, delivery time and commodity specification satisfactory to the Administrative Agent or any Person designated by Administrative Agent for the purpose of reviewing such transactions."

"Identified Loss' means (i) the loss in the aggregate amount of $160,000,000 arising from unauthorized trading activity by Borrower during the period of January 1, 1999 to November 20, 1999 plus (ii) the fees and expenses of lawyers, accountants and other professionals and fees associated with amendments and waivers by lenders, in each case associated with such loss in an aggregate amount up to $20,000,000."

"Maximum Loan Amount' means:

(a) from November 17, 1998 to and including November 30, 1999, $40,000,000;

(b) from and including December 1, 1999 to and including December 31, 1999, $40,000,000;

(c) from and including January 1, 2000 to and including January 31, 2000, $36,000,000;

(c) from and including February 1, 2000 to and including April 30, 2000, $14,000,000; and

(d) from and including May 1, 2000 to the last day of the Commitment Period, zero."

(S) 2.2. Commitments to Lend; Notes. Section 2.1 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 2.1. Loans; Notes. Subject to the terms and conditions hereof, each Lender agrees to make loans to Borrower (herein called such Lender's "Loans") upon Borrower's request from time to time prior to January 1, 2000, provided that (a) subject to Sections 3.3, 3.4 and 3.6, all Lenders are requested to make Loans of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing, (b) after giving effect to such loans, the aggregate principal amount of outstanding Loans will not exceed the Maximum Loan Amount, and (c) after giving effect to such Loans, the Facility Usage does not exceed the lesser of (i) the Maximum Facility Amount and (ii) the Borrowing Base determined as of the date on which the requested Loans are to be made. The aggregate amount of all Loans in any Borrowing must be equal to $2,000,000 or any higher integral multiple of $250,000. Borrower may have no more than five Borrowings of Eurodollar Loans outstanding at any time. The obligation of Borrower to repay to each Lender the aggregate amount of all Loans made by such Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Lender's "Note") made by Borrower payable to the order of such Lender in the form of Exhibit A with appropriate insertions. The amount of principal owing on any Lender's Note at any given time shall be the aggregate amount of all Loans theretofore made by such Lender minus all payments of principal theretofore received by such Lender on such Note. Interest on each Note shall accrue and be due and payable as provided herein and therein. Each Note shall be due and payable as provided herein and therein. Prior to November 30, 1999, subject to the terms and conditions of this Agreement, Borrower may borrow, repay and reborrow hereunder. Notwithstanding anything to the contrary contained in this Agreement or in any Note, Borrower shall pay the principal amount of the Loan on each day to the extent that the aggregate Loans

exceed the Maximum Loan Amount on such day and shall pay all Loans on April 30, 2000.

(S) 2.3. Use of Proceeds. Section 2.4 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 2.4. Use of Proceeds. Borrower shall use the proceeds of all Loans (a) made prior to November 30, 1999, to make Qualified Inventory Purchases and to refinance Matured LC Obligations and (b) made on or after December 1, 1999 solely for those Cash and Carry Purchases not to exceed 2,000,000 barrels committed by Borrower prior to November 30, 1999 and to pay transaction costs incurred in connection with the Third Amendment to this Agreement, the Third Amendment to the All American Agreement, and related transactions, including without limitation the fees and expenses of lawyers, accountants and other professionals, in each case limited as set forth in the definition of Maximum Facility Amount. In no event shall any Loan or any Letter of Credit be used (i) to fund distributions by Plains MLP, (ii) directly or indirectly by any Person for personal, family, household or agricultural purposes, (iii) 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 (iv) 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."

(S) 2.4. Letters of Credit. Section 2.7 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 2.7 Letters of Credit. Subject to the terms and conditions hereof, Borrower may during the Commitment Period request LC Issuer to issue, amend, or extend the expiration date of, one or more Letters of Credit, provided that:

(a) after taking such Letter of Credit into account the Facility Usage does not exceed the lesser of (i) the Maximum Facility Amount at such time or (ii) the Borrowing Base at such time;

(b) the expiration date of such Letter of Credit is prior to the earlier of (i) 70 days (or 100 days, if the beneficiary thereof is Exxon Company U.S.A.) after the date of issuance of such Letter of Credit (or 180 days after the date of issuance in the case of a Surety Letter of Credit) or (ii) 30 days prior to the end of the Commitment Period;

(c) 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;

(d) either (i) such Letter of Credit is related to the purchase or exchange by Borrower of crude oil and is in the Form of Exhibit D hereto or such other form and terms

as shall be acceptable to LC Issuer in its sole and absolute discretion and Currently Approved by Majority Lenders; provided, however, that on and after December 1, 1999 such Letter of Credit may only be issued to support a Back to Back Transaction, or (ii) such Letter of Credit is a Surety Letter of Credit and after taking such Letter of Credit into account the aggregate amount of LC Obligations in respect to all Surety Letters of Credit does not exceed $1,000,000;

(e) from and after December 1, 1999, LC Issuer shall have received all reports and other information, in form and substance satisfactory to LC Issuer, required under Section 6.2, and all such reports and other information confirm to LC Issuer's satisfaction that such Letter of Credit is a Back to Back Transaction Letter of Credit; 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 (f) (in the following Section 2.8 called the "LC Conditions") have been met as of the date of issuance, amendment, or extension of such Letter of Credit. The outstanding letters of credit issued by LC Issuer under the Existing Agreement shall be deemed to be Letters of Credit issued hereunder; Borrower hereby represents and warrants that the LC Conditions have been met as of the date hereof with respect to each such Letter of Credit."

(S) 2.5. Requesting Letters of Credit. Section 2.8 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 2.8. Requesting Letters of Credit. Borrower must make application electronically transmitted by means of Administrative Agent's Trade Key System for any Letter of Credit at least two Business Days (other than Letters of Credit issued on December 1 or 2, 1999) before the date on which Borrower desires for LC Issuer to issue such Letter of Credit. By making any such application, unless otherwise expressly stated therein, Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.7 will be met as of the date of issuance of such Letter of Credit and to have agreed to all terms and provisions of the application for a letter of credit in the form of Exhibit E, the terms and provisions of which are hereby incorporated herein by reference. If all LC Conditions for a Letter of Credit have been met as described in Section 2.7 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 2.7 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."

(S) 2.6. Letters of Credit. Subsections (a) and (b) of Section 2.9 of the Original Agreement are hereby amended in their entirety to read as follows:

"Section 2.9. Reimbursement and Participations.

(a) <u>Reimbursement by Borrower</u>. 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 at the Default Rate.

(b) [Intentionally deleted]"

(S) 2.7. <u>Interest Rates and Fees</u>. Subsections (b), (c), and (d) of Section 2.12. of the Original Agreement are hereby amended in their entirety to read as follows, and the following Section 2.12(e) is hereby added to the Original Agreement as follows:

"(b) <u>Commitment Fees</u>. In consideration of each Lender's commitment to make Loans and to participate in Letters of Credit, Borrower will pay to Administrative Agent for the account of each Lender a commitment fee determined on a daily basis by applying a rate of one half of one percent (0.50%) per annum to such Lender's Percentage Share of the unused portion of the Maximum Facility Amount on each day during the Commitment Period, determined for each such day by deducting from the amount of the Maximum Facility Amount 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 Commitment Period. Borrower shall have the right from time to time to permanently reduce the Maximum Facility Amount, provided that (i) notice of such reduction is given not less than 2 business Days prior to such reduction, (ii) the resulting Maximum Facility Amount 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.

(c) <u>Letter of Credit Fees</u>. In consideration of LC Issuer's issuance of any Letter of Credit after December 1, 1999, Borrower agrees to pay (i) to Administrative Agent, for the account of all Lenders in accordance with their respective Percentage Shares, a letter of credit fee at a rate equal to two and one quarter percent (2.25%) per annum, and (ii) to such LC Issuer for its own account, a letter of credit fronting fee at a rate equal to one eighth of one percent (.125%) per annum. 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 monthly in arrears on the last day of each month and upon drawing on or expiration of such Letter of Credit, as applicable. In addition, Borrower will pay to LC Issuer a minimum administrative issuance fee of $100 for each Letter of Credit and such other fees and charges customarily charged by the LC Issuer in respect of any amendment or negotiation of any Letter of Credit in accordance with the LC Issuer's published schedule of such charges as of the date of such amendment or negotiation.

(d) <u>Other Fees</u>. In addition to all other amounts due to Administrative Agent under the Loan Documents, Borrower will pay all fees (i) to Administrative Agent as described in a letter agreement dated December 1, 1999 between Administrative Agent and Borrower, (ii) to certain Lenders and their affiliates as described in a letter agreement dated December 1, 1999 between such Lenders and Borrower and (iii) to Lenders as described in a letter agreement dated December 1, 1999.

§ 2.8. Books, Financial Statements, and Reports. Section 6.2 of the Original Agreement is amended by adding thereto the following Subsections 6.2(i), 6.2(j), 6.2(k), 6.2(l),6.2(m), and 6.2(n):

"(i) concurrently with the request for the issuance of any Letter of Credit, and on or prior to the 28th day of each month, a schedule forecasting report by a firm of independent consultants or accountants acceptable to Administrative Agent confirming Borrower's compliance with (A) the requirements of Back to Back Transactions and (B) Section 6.20(b) with regard to transactions described in the most recent Borrowing Base Report, in form and substance satisfactory to Administrative Agent, which shall list for the immediately succeeding calendar month, each purchase, sale or exchange of crude oil, the volumes for each such purchase, sale or exchange, the counterparties for each such purchase, sale or exchange, and related pricing indices, and shall have attached thereto (i) copies of all material purchase, sales or exchange contracts related to transactions for which Letters of Credit are requested or issued and (ii) calculations of Borrower's estimated gross margin and operating income for such calendar month, all in form and substance satisfactory to Administrative Agent.

(j) On each Business Day, a MERC position report of Restricted Persons as of such date.

(k) On a daily, weekly, or other periodic basis determined by Administrative Agent, a report of inventory positions of Restricted Persons in form satisfactory to Administrative Agent.

(l) On the last day of each calendar week a report on the status of the Borrowing Base in form satisfactory to Administrative Agent completed by an authorized officer of General Partner.

(m) On or before 1:00 p.m., Boston, Massachusetts time, on the 10th day of each calendar month, a Consolidated statement of Plains MLP's earnings and cash flows for the immediately preceding calendar month in form satisfactory to Administrative Agent.

(n) On the 15th and the last day of each calendar month, Borrower's earnings and cash flow forecast for the current and two succeeding months, both including and excluding Plains Scurlock Permian, L.P., and accompanying the forecast due on the 15th day of each calendar month, a report in form and substance satisfactory to Administrative Agent from PricewaterhouseCoopers, Arthur Andersen or other independent certified public accountants selected by General Partner and acceptable to Majority Lenders, regarding the methodology used by Borrower for its cash flows and the reasonableness of the assumptions used by Borrower in connection with its forecast."

§ 2.9. Other Information and Inspections. Section 6.3 of the Original Agreement is hereby amended to add the following sentence immediately before the last sentence thereof:

"Borrower shall (i) at all times provide all information and shall provide access to all Restricted Persons' books and records to a firm of independent public accountants or independent consultants retained by the Administrative Agent for purposes of confirming the Borrowing Base, Borrower's compliance with all conditions related to Letters of Credit and such other matters relating to the Restricted Persons as may be determined from time to time by Administrative Agent and (ii) shall pay within 20 days after an invoice therefor has been delivered to Borrower all fees and expenses of such independent public accountants or independent consultants incurred in connection with their activities."

(S) 2.10. Operating Practices; Linefill Contracts. The following Sections 6.21 and 6.22 are hereby added to the Original Agreement:

"Section 6.21. Operating Practices.

(a) Borrower shall operate its business in a manner that is consistent with the best practices of companies in similar businesses and similarly situated. Borrower shall, during the month of December, 1999 and from time to time thereafter as requested by Administrative Agent, review its policies and procedures regarding its crude oil purchases, sales, exchanges and Hedging Contracts, as soon as possible adopt such policies and procedures relating thereto as may be recommended by Restricted Persons' or Administrative Agent's third party consultants and accountants, and provide a report to Lenders regarding such policies and procedures, including such policies and procedures which Borrower could adopt and has adopted to represent such best practices.

(b) Borrower shall not enter into any transaction involving any crude oil purchase, sale, exchange or Hedging Contract unless such transaction is a Back to Back Transaction or is a Cash and Carry Transaction described on Schedule 8.

Section 6.22. Monetize Linefill Contracts. On or prior to January 20, 2000, Borrower shall monetize all contracts for the sale of linefill contained in the All American Pipeline and the linefill related to such contracts, with respect to the deliveries to be made in January and February, 2000 providing for a discount of not more than 10% of the full purchase price, and otherwise in a form and on terms reasonably satisfactory to Lenders whose combined Percentage Share is not less than 80%. The foregoing covenant shall have no grace period as otherwise specified in Section 8.1(e). All cash proceeds from such monetization shall be used to fund the working capital shortages resulting from the Identified Loss. Any such cash proceeds not immediately needed for such working capital shortages shall be held as cash collateral in a lockbox maintained by Administrative Agent to secure first the obligations of Borrower under the All American Agreement and second the obligations of Borrower under this Credit Agreement until it is needed for such working capital shortages.

(S) 2.11. Indebtedness. Section 7.1 of the Original Agreement is hereby amended by renumbering clause (g) to be clause (h) and to insert a new clause (g), to read as follows:

"(g) Indebtedness in a principal amount not at any time in excess of $114,000,000 (plus accrued unpaid interest on such principal amount) owing by Borrower to General Partner and subordinated to the Obligations under this Agreement and the Indebtedness under the All American Agreement on terms and conditions satisfactory to Administrative Agent."

(S) 2.12. Limitation on Dividends and Redemptions. Section 7.6 of the Original Agreement is hereby to read as follows:

"Section 7.6 Limitation on Dividends and Redemptions. 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 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 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 is outstanding. Notwithstanding the foregoing, but subject to Section 7.5, (i) Subsidiaries of Plains MLP, Borrower, or of any Guarantor shall not be restricted, directly or indirectly, from declaring and paying dividends or making any other distributions to Plains MLP, 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) Plains MLP may make a regular quarterly distribution of Available Cash to its partners in accordance with the Partnership Agreement if, and only if, all Lenders (or, if no Lender shall have a Percentage Share exceeding 25%, Majority Lenders) shall have given their prior written consent to such distribution."

(S) 2.13. Current Ratio. Section 7.11 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.11. Current Ratio. The ratio of (i) the sum of Plains MLP's Consolidated current assets plus the All American Revolver Availability to (ii) Plains MLP's Consolidated current liabilities will never be less than 1.0 to 1.0. For purposes of this section, Plains MLP's Consolidated current liabilities will be calculated without including (a) any payments of principal on the Notes which are required to be repaid within one year from the time of calculation and (b) all Liabilities arising under permitted Hedging Contracts. Further, Consolidated current liabilities shall be decreased by (x) $105,000,000 for the period from December 1, 1999 to and including January 31, 2000 and (y) $10,000,000 for the period from January 31, 2000 through and including February 28, 2000."

(S) 2.14. Debt to Capital Ratio. Section 7.15 of the Original Agreement is hereby amended in its entirety to read as follows:

"Section 7.15 Debt to Capital Ratio. On or before April 30, 2000, the ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth plus one-half (50%) of the Identified Loss

will never be greater than .60 to 1.0 at any time. After April 30, 2000, the ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth will never be greater than .60 to 1.0 at any time."

(S) 2.15. Open Inventory Position. Section 7.16 of the Original Agreement is hereby amended in its entirety as follows:

"Section 7.16 Open Inventory Position. Borrower shall not at any time have an Open Position other than inventory consisting of tank bottoms, pipeline linefill requirements and other working inventory not to exceed at any time 600,000 barrels in the aggregate."

(S) 2.16. Future Delivery Contracts. The Agreement is amended to add following Sections 7.18 and 7.19 to the Original Agreement:

"Section 7.18 Future Delivery Contracts.

(a) No contract shall be entered into after December 1, 1999 for delivery or receipt of crude oil (including but not limited to a futures contract, open market contract or forward sale) other than (i) for delivery or receipt during the next succeeding two months after the date of the such contract or (ii) involving sales solely on a floating market price basis.

(b) Once a contract giving rise to an "Eligible Receivable" is reflected in a Borrowing Base Report representing the obligation to deliver crude oil in the month next succeeding the month in which the Borrowing Base Report is delivered, such a contract may not be modified, sold or exchanged in any respect which would affect the Borrowing Base without the consent of the Administrative Agent and a re-certification of the Borrowing Base in a Borrowing Base Report satisfactory to Administrative Agent.

Section 7.19. No Contango Transactions. Borrower shall not engage in any contango transactions except for (a) the sale of the linefill contained in the All American Pipeline permitted hereunder and (b) other such transactions to which Borrower is committed as of December 1, 1999, which have been disclosed to Lenders in writing, and which do not in the aggregate exceed $28,000,000.

(S) 2.17. Events of Default. Section 8.1 of the Original Agreement is hereby amended by adding a new subsection (m) to read as follows:

(m) General Partner shall fail to make on or after December 2, 1999, but on or before January 10, 2000, a loan to or other investment in Borrower in an amount not less than $50,000,000, which loan shall have been subordinated to the Obligations upon terms and conditions satisfactory to Administrative Agent, or Borrower shall use any proceeds of such loan or investment to pay any portion of the Identified Loss.

(S) 2.18. Schedules. Schedules 1 and 2 to the Original Agreement are hereby deleted in their entirety and replaced with Schedules 1 and 2 hereto. Schedule 8 hereto is hereby added to the Original Agreement.

(S) 2.19. Waiver. This Amendment, upon its effectiveness as provided in (S) 3.1, shall waive (i) the violations of Sections 7.6, 7.11, 7.15, and 7.16 of the Original Agreement by Borrower on and prior to the date hereof, based upon unauthorized trading activities disclosed by Plains MLP in its press release of November 29, 1999, (ii) the Events of Default arising under Sections 8.1(f), 8.1(g), 8.1(l) of the Original Agreement on and prior to the date hereof, based upon unauthorized trading activities disclosed by Plains MLP in its press release of November 29, 1999 and (iii) those Defaults and Events of Default occurring on or before December 1, 1999 resulting from the foregoing, based upon unauthorized trading activities disclosed by Plains MLP in its press release of November 29, 1999.

(S) 2.20. Consent. Each Lender a party hereto hereby consents to (i) the sale by All American of the linefill carried in the All American Pipeline during the period from December 1, 1999 through February 29, 2000 as is contracted for on the date of this Amendment, (ii) any earlier monetization of such linefill and the contracts for the sale thereof (including, without limitation, a sale or loan with recourse limited to such linefill and contracts), (iii) the retention of the proceeds of such sale or monetization in a cash collateral account within the control of "Administrative Agent" under the All American Agreement to secure, on a first priority basis, the Indebtedness under the All American Agreement and, on a second priority basis, the Obligations, in accordance with the Intercreditor Agreement, (iv) the delivery of such proceeds to Borrower by the Administrative Agent from time to time upon request by Borrower for the payment of accounts payable of Borrower on the date such payables are actually paid and (v) the release of the Lien under the Security Documents on such linefill and such proceeds upon use of such proceeds for such purpose. The Restricted Persons agree that the portion of such transferred proceeds owned by All American shall be made as a loan from All American to Borrower, and that such loan shall be evidenced in a manner satisfactory to the Administrative Agent and shall be subordinated to the Obligations under the Credit Agreement and to the Indebtedness under the All American Credit Agreement on terms and conditions satisfactory to the Administrative Agent.

ARTICLE III. -- Conditions of Effectiveness

(S) 3.1. Effective Date. This Amendment shall become effective as of the date first above written when and only when:

(a) Administrative Agent shall have received, at Administrative Agent's office: (i) a counterpart of this Amendment executed and delivered by Borrower, All American, Plains MLP, Administrative Agent, and Majority Lenders, (ii) new Notes, renewing and increasing the Notes issued pursuant to the Original Agreement, executed and delivered by Borrower to each Lender as of the date hereof, (iii) a certificate of a duly authorized officer of General Partner (A) stating that all of the representations and warranties set forth in Article IV hereof are true and correct at and as of the time of such effectiveness, (B) stating that no Material Adverse Change shall have occurred other than the Identified Loss, and (C) having attached thereto as an exhibit a copy of resolutions

duly adopted by the Board of Directors of General Partner in full force and effect at the time that this Amendment is entered into, and containing such other certifications as shall be required by Administrative Agent, in form and substance acceptable to Administrative Agent, (iv) an opinion of Fulbright & Jaworski, L.L.P., special Texas and New York counsel to Restricted Persons, in form and substance acceptable to Administrative Agent in Administrative Agent's sole and absolute discretion, and (v) an opinion of Michael R. Patterson, General Counsel for Restricted Persons.

(b) Each "Underwriter" (as defined in that certain letter agreement of even date herewith among certain Lenders and Borrower) shall have received a report, in form and substance satisfactory to such Persons, prepared by Arthur Andersen & Co. regarding its review of the accounting records, loss assessments, transaction reviews, borrowing base reports, cash flow methodology, and letter of credit requirements of the Restricted Persons.

(c) Borrower shall have used its best efforts to have pledged all of the outstanding limited partnership interests in Plains Scurlock Permian, L.P. as Collateral pursuant to Security Documents satisfactory to Administrative Agent, such Collateral to be "Marketing Priority Collateral" (as such term is defined in the Intercreditor Agreement).

(d) General Partner shall have made on or after November 21, 1999 a loan to Borrower in an amount not less than $64,000,000 and each of General Partner and Borrower shall have certified the making of such loan, which loan shall have been subordinated to the Obligations upon terms and conditions satisfactory to Administrative Agent.

(e) Amendments to the Security Documents amending the description of secured indebtedness therein to reflect the Maximum Facility Amount, together with favorable opinions of local counsel for the states of Arizona, California, New Mexico and Oklahoma, as requested by and satisfactory to Administrative Agent.

(f) Documents satisfactory to Administrative Agent regarding the sale of the linefill contained in the All American Pipeline.

(g) Payment of all underwriting, agency and other fees required to be paid to any Lender pursuant to any Loan Documents and all fees and expenses of Thompson & Knight LLP, and Vinson & Elkins, L.L.P. counsel to Administrative Agent.

(h) A contemporaneous amendment to the All American Credit Agreement executed by all "Lenders" under the All American Agreement amending the All American Credit Agreement to permit the increased Maximum Facility Amount, amending other provisions therein, and waiving all existing Defaults and Events of Default as of the date hereof, in form satisfactory to Administrative Agent.

(i) Administrative Agent shall have received all documents and instruments which Administrative Agent has then requested, in addition to those described in the foregoing (S) 3.1(a) through and including (S) 3.1(g).

(j) Administrative Agent shall have received assurances from Borrower that Borrower will be able to monetize the Letter of Credit contracts for the sale of the linefill contained in the All American Pipeline as required by Section 6.21 of the Credit Agreement.

(k) Administrative Agent shall have received satisfactory evidence that the Sempra "rings" transactions (as described to Lenders by Borrower) shall have been effectuated and closed on or prior to December 1, 1999.

ARTICLE IV. -- Representations and Warranties

(S) 4.1. Representations and Warranties of Plains MLP and Borrower. In order to induce Administrative Agent and Lenders to enter into this Amendment, Plains MLP and Borrower represent and warrant to Administrative Agent and each Lender that:

(a) The representations and warranties contained in Article V of the Original Agreement are true and correct at and as of the time of the effectiveness hereof, except to the extent that such representation and warranty was made as of a specific date.

(b) Each Restricted Person is duly authorized to execute and deliver this Amendment, and Borrower is and will continue to be duly authorized to borrow and perform its obligations under the Credit Agreement. Each Restricted Person has duly taken all corporate action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of their respective obligations hereunder.

(c) The execution and delivery by each Restricted Person of this Amendment, the performance by each Restricted Person of its respective obligations hereunder, and the consummation of the transactions contemplated hereby, do not and will not conflict with any provision of law, statute, rule or regulation or of the constituent documents of any Restricted Person, or of any material agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or result in the creation of any lien, charge or encumbrance upon any assets or properties of any Restricted Person, except in favor of Administrative Agent for the benefit of Lenders and other Permitted Liens. Except for those which have been duly obtained, no consent, approval, authorization or order of any court or governmental authority or third party is required in connection with the execution and delivery by any Restricted Person of this Amendment or to consummate the transactions contemplated hereby.

(d) When this Amendment has been duly executed and delivered, each of the Loan Documents, as amended by this Amendment, will be a legal and binding instrument and agreement of each Restricted Person, enforceable in accordance with its terms,

(subject, as to enforcement of remedies, to applicable bankruptcy, insolvency and similar laws applicable to creditors' rights generally and to general principles of equity).

(e) No Material Adverse Change has occurred other than the Identified Loss.

ARTICLE V. -- Miscellaneous

(S) 5.1. Ratification of Agreements; Release. The Original Agreement, as hereby amended, is hereby ratified and confirmed in all respects. The Loan Documents (including but not limited to each Guaranty), as they may be amended or affected by this Amendment, are hereby ratified and confirmed in all respects by each Restricted Person to the extent a party thereto. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Amendment also. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Administrative Agent or any Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document. As further consideration and to induce each Lender Party to enter into and grant the accommodations contained in this Amendment, EACH RESTRICTED PERSON - ON BEHALF OF ITSELF AND, TO THE EXTENT IT IS PERMITTED BY LAW OR IS OTHERWISE EXPRESSLY AUTHORIZED TO DO SO, ON BEHALF OF ALL OF ITS AFFILIATES (COLLECTIVELY, "RELEASING PARTIES") -- HEREBY GENERALLY RELEASE AND FOREVER DISCHARGE EACH LENDER PARTY AND EACH OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, "RELEASED PARTIES"), FROM ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF WHATEVER KIND OR CHARACTER WHICH SUCH RELEASING PARTY HAS, OR MAY HAVE IN THE FUTURE, BASED ON ANY ACTIONS, FAILURES TO ACT, OR EVENTS THAT HAVE OCCURRED PRIOR TO THE EFFECTIVE DATE HEREOF, WHICH IN ANY WAY RELATE TO OR ARE BASED UPON (I) ANY TRANSACTIONS OF ANY KIND AMONG THE RELEASING PARTIES , ON THE ONE HAND, AND THE RELEASED PARTIES, ON THE OTHER HAND, OR (II) ANY ACTUAL OR ALLEGED NEGOTIATIONS, DISCUSSIONS, REPRESENTATIONS, WARRANTIES, PROMISES, OR OTHER UNDERTAKINGS BY RELEASED PARTIES IN CONNECTION WITH ANY OF THE FOREGOING (THE "RELEASED CLAIMS"). THIS RELEASE IS TO BE CONSTRUED AS THE BROADEST TYPE OF GENERAL RELEASE AND COVERS AND RELEASES ANY AND ALL RELEASED CLAIMS, WHETHER KNOWN OR UNKNOWN AND HOWEVER OR WHENEVER ARISING, WHETHER BY CONTRACT OR AGREEMENT, AT LAW OR UNDER ANY STATUTE (INCLUDING WITHOUT LIMITATION ANY LAW OR STATUTE PERTAINING TO NEGLIGENCE, GROSS NEGLIGENCE, STRICT LIABILITY, FRAUD, DECEPTIVE TRADE PRACTICES, NEGLIGENT MISREPRESENTATION, SECURITIES VIOLATIONS, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, TRADE REGULATION, REGULATION OF BUSINESS OR COMPETITION, CONSPIRACY OR RACKETEERING), OR OTHERWISE ARISING, AND EXPRESSLY INCLUDING ANY CLAIMS FOR PUNITIVE OR EXEMPLARY DAMAGES, ATTORNEYS' FEES, OR PENALTIES. TO THE EXTENT THAT ANY RELEASED CLAIMS WITH RESPECT TO RELEASED PARTIES HAVE NOT BEEN RELEASED BY THIS LETTER AGREEMENT, EACH RELEASING PARTY HEREBY ASSIGN S SUCH RELEASED CLAIMS TO RELEASED PARTIES.

(S) 5.2. Ratification of Security Documents. Restricted Persons, Administrative Agent, and Lenders each acknowledge and agree that any and all indebtedness, liabilities or obligations arising under or in connection with the LC Obligations, as amended hereby, or the Notes, as amended hereby, are Obligations and are secured indebtedness under, are guarantied by, and are secured by, each and every Security Document to which any Restricted Person is a party. Each

Restricted Person hereby re-pledges, re-grants and re-assigns a security interest in and lien on every asset of the such Restricted Person described as Collateral in any Security Document and re-guaranties all Obligations, as amended hereby.

(S) 5.3. Ratification of Intercreditor Agreement. Each Lender hereby acknowledges and confirms that all Obligations under the Credit Agreement, as amended hereby, and the "Obligations" under the All American Credit Agreement, as amended on the date hereof, shall be and shall remain subject to the terms and entitled to the benefits of the Intercreditor Agreement.

(S) 5.4. Survival of Agreements. All representations, warranties, covenants and agreements of the Restricted Persons herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of each Loan, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by any Restricted Person hereunder or under the Credit Agreement to Administrative Agent or any Lender shall be deemed to constitute representations and warranties by, or agreements and covenants of, such Restricted Person under this Amendment and under the Credit Agreement.

(S) 5.5. Loan Documents. This Amendment is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto.

(S) 5.6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA IN ALL RESPECTS, INCLUDING CONSTRUCTION, VALIDITY AND PERFORMANCE.

(S) 5.7. Counterparts. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment.

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

PLAINS MARKETING, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By: /s/ Phil Kramer

Phil Kramer
Executive Vice President

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By: /s/ Phil Kramer

Phil Kramer
Executive Vice President

ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By: /s/ Phil Kramer

Phil Kramer
Executive Vice President

BANKBOSTON, N.A., as Administrative Agent
and Lender

By: /s/ Terrence Ronan, Director

Terrence Ronan, Director

FIRST UNION NATIONAL BANK, Lender

By: /s/ Paul N. Riddle

Name: Paul N. Riddle
Title: Senior Vice President

WELLS FARGO BANK (TEXAS), NATIONAL
ASSOCIATION, Lender

By: /s/ Ann Rhoads

Name: Ann Rhoads
Title: Vice President

BANK OF AMERICA, N.A., Lender

By: /s/ Irene C. Rummell

Name: Irene C. Rummell
Title: Vice President

AMENDMENT AND LIMITED CONSENT

RECITALS:

Reference is hereby made to that certain Amended and Restated Credit Agreement dated as of December 1, 1999 (as amended, restated or supplemented to the date hereof, the "Agreement") by and between All American Pipeline, L.P., as Borrower ("Borrower"), Plains Marketing, L.P. ("Marketing"), Plains All American Pipeline, L.P. ("Plains MLP"), and BankBoston, N.A., as Administrative Agent ("Administrative Agent"), and certain financial institutions, as Lenders (collectively, "Lenders" and each, individually, a "Lender"). Terms used and not defined herein shall have the meanings given them in the Agreement.

Borrower has requested that Lenders consent to certain amendments to the Agreement.

AMENDMENT AND CONSENT:

Subject to the conditions and limitations set forth hereinbelow, each Lender signing below hereby consents to the following amendments:

A. The last sentence of the definition of "Consolidated EBITDA" set forth in Section 1.1 of the Agreement is hereby amended in its entirety to read as follows:

The term "Identified Loss Adjustment" means for any four-Fiscal Quarter period, the portion of the Identified Loss incurred in such period not to exceed an aggregate amount of $180,000,000.

B. Section 7.15 of the Agreement is hereby amended in its entirety to read as follows:

Section 7.15 Debt to Capital Ratio. The ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth plus one-half (50%) of the Identified Loss will never be greater than .60 to 1.0 at any time.

LIMITATIONS AND CONDITIONS:

1. Except as expressly waived or agreed herein, all covenants, obligations and agreements of Restricted Persons contained in the Agreement shall remain in full force and effect in accordance with their terms. Without limitation of the foregoing, the consents, waivers and agreements set forth herein are limited precisely to the extent set forth herein and shall not be deemed to (a) be a consent or agreement to, or waiver or modification of, any other term or condition of the Agreement or any of the documents referred to therein, or (b) except as expressly set forth herein, prejudice any right or rights which any Lender Party may now have or may have in the future under or in connection with the Agreement or any of the documents referred to therein. Except as expressly modified hereby, the terms and

provisions of the Agreement and any other documents or instruments executed in connection with any of the foregoing, are and shall remain in full force and effect, and the same are hereby ratified and confirmed by Restricted Persons in all respects. As further consideration and to induce each Lender Party to enter into and grant the accommodations contained in this Amendment and Limited Consent, EACH RESTRICTED PERSON - ON BEHALF OF ITSELF AND, TO THE EXTENT IT IS PERMITTED BY LAW OR IS OTHERWISE EXPRESSLY AUTHORIZED TO DO SO, ON BEHALF OF ALL OF ITS AFFILIATES (COLLECTIVELY, "RELEASING PARTIES") -- HEREBY GENERALLY RELEASE AND FOREVER DISCHARGE EACH LENDER PARTY AND EACH OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, "RELEASED PARTIES"), FROM ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF WHATEVER KIND OR CHARACTER WHICH SUCH RELEASING PARTY HAS, OR MAY HAVE IN THE FUTURE, BASED ON ANY ACTIONS, FAILURES TO ACT, OR EVENTS THAT HAVE OCCURRED PRIOR TO THE EFFECTIVE DATE HEREOF, WHICH IN ANY WAY RELATE TO OR ARE BASED UPON (I) ANY TRANSACTIONS OF ANY KIND AMONG THE RELEASING PARTIES , ON THE ONE HAND, AND THE RELEASED PARTIES, ON THE OTHER HAND, OR (II) ANY ACTUAL OR ALLEGED NEGOTIATIONS, DISCUSSIONS, REPRESENTATIONS, WARRANTIES, PROMISES, OR OTHER UNDERTAKINGS BY RELEASED PARTIES IN CONNECTION WITH ANY OF THE FOREGOING (THE "RELEASED CLAIMS"). THIS RELEASE IS TO BE CONSTRUED AS THE BROADEST TYPE OF GENERAL RELEASE AND COVERS AND RELEASES ANY AND ALL RELEASED CLAIMS, WHETHER KNOWN OR UNKNOWN AND HOWEVER OR WHENEVER ARISING, WHETHER BY CONTRACT OR AGREEMENT, AT LAW OR UNDER ANY STATUTE (INCLUDING WITHOUT LIMITATION ANY LAW OR STATUTE PERTAINING TO NEGLIGENCE, GROSS NEGLIGENCE, STRICT LIABILITY, FRAUD, DECEPTIVE TRADE PRACTICES, NEGLIGENT MISREPRESENTATION, SECURITIES VIOLATIONS, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, TRADE REGULATION, REGULATION OF BUSINESS OR COMPETITION, CONSPIRACY OR RACKETEERING), OR OTHERWISE ARISING, AND EXPRESSLY INCLUDING ANY CLAIMS FOR PUNITIVE OR EXEMPLARY DAMAGES, ATTORNEYS' FEES, OR PENALTIES. TO THE EXTENT THAT ANY RELEASED CLAIMS WITH RESPECT TO RELEASED PARTIES HAVE NOT BEEN RELEASED BY THIS LETTER AGREEMENT, EACH RELEASING PARTY HEREBY ASSIGNS SUCH RELEASED CLAIMS TO RELEASED PARTIES.

2. Borrower agrees to reimburse and save Administrative Agent and each Lender Party harmless from and against liabilities for the payment of all out-of-pocket costs and expenses arising in connection with the preparation, execution, delivery, amendment, modification, waiver and enforcement of, or the preservation of any rights under, this Amendment and Limited Consent, including, without limitation, the reasonable fees and expenses of legal counsel to Administrative Agent which may be payable in respect of, or in respect of any modification of, this Amendment and Limited Consent.

3. This Amendment and Limited Consent and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of New York.

4. This Amendment and Limited Consent and the documents referred to herein represent the entire understanding of the parties hereto regarding the subject matter hereof and supersede all prior and contemporaneous oral and written agreements of the parties hereto with respect to the subject matter hereof.

5. This Amendment and Limited Consent is a "Loan Document" as defined and described in the Agreement and all of the terms and provisions of the Agreement relating to Loan Documents shall apply hereto.

6. This Amendment and Limited Consent may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same agreement.

Executed as of February 29, 2000.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment and Limited Consent as of date first written above.

ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By:/s/ Phil Kramer
Phil Kramer, Executive Vice President

PLAINS MARKETING, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By:/s/ Phil Kramer
Phil Kramer, Executive Vice President

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By:/s/ Phil Kramer
Phil Kramer, Executive Vice President

BANKBOSTON, N.A.,
as Administrative Agent and Lender

By:/s/ Terrence Ronan

Terrence Ronan, Director

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION, as Lender

By:

Name:
Title:

MEESPIERSON CAPITAL CORP., as Lender

By:

Name:
Title:

By:

Name:
Title:

BANK OF SCOTLAND, as Lender

By:/s/ Annie Glynn

Name: Annie Glynn
Title: Senior Vice President

HIBERNIA NATIONAL BANK, as Lender

By:/s/ David R. Reid

Name: David R. Reid
Title: Senior Vice President

BANK OF AMERICA, N.A., as Lender

By:/s/ Irene C. Rummel

Name: Irene C. Rummel
Title: Vice President

FIRST UNION NATIONAL BANK, Lender

By:/s/ Robert R. Wetteroff

Name: Robert R. Wetteroff
Title: Senior Vice President

CREDIT AGRICOLE INDOSUEZ, as Lender

By:/s/ Patrick Cocquerel

Name: Patrick Cocquerel
Title: First Vice President, Managing Director
Head of Houston Representative Office

By:/s/ Douglas A. Whiddon

Name: Douglas A. Whiddon
Title: Vice President Senior Relationship
Manager

UNION BANK OF CALIFORNIA, N.A., as Lender

By:/s/ Dustin Gaspari

Name: Dustin Gaspari
Title: Assistant Vice President

BANK ONE, TEXAS, N.A., as Lender

By:/s/ Charles Kingswell-Smith

Name: Charles Kingswell-Smith
Title: First Vice President

ELC (CAYMAN) LTD., Lender

By:/s/ Joseph H. Towell

Name: Joseph T. Howell
Title: Senior Vice President

[Marketing] EXHIBIT 10.26

AMENDMENT AND LIMITED CONSENT

RECITALS:

Reference is hereby made to that certain Second Amended and Restated Credit Agreement dated as of December 1, 1999 (as amended, restated or supplemented to the date hereof, the "Agreement") by and between Plains Marketing, L.P., as Borrower ("Borrower"), All American Pipeline, L.P. ("All American"), Plains All American Pipeline, L.P. ("Plains MLP"), and BankBoston, N.A., as Administrative Agent ("Administrative Agent"), and certain financial institutions, as Lenders (collectively, "Lenders" and each, individually, a "Lender"). Terms used and not defined herein shall have the meanings given them in the Agreement.

Borrower has requested that Lenders consent to certain amendments to the Agreement.

AMENDMENT AND CONSENT:

Subject to the conditions and limitations set forth hereinbelow, each Lender signing below hereby consents to the following amendments:

A. The last sentence of the definition of "Consolidated EBITDA" set forth in Section 1.1 of the Agreement is hereby amended in its entirety to read as follows:

The term "Identified Loss Adjustment" means for any four-Fiscal Quarter period, the portion of the Identified Loss incurred in such period not to exceed an aggregate amount of $180,000,000.

B. Section 7.15 of the Agreement is hereby amended in its entirety to read as follows:

Section 7.15 Debt to Capital Ratio. The ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth plus one-half (50%) of the Identified Loss will never be greater than .60 to 1.0 at any time.

LIMITATIONS AND CONDITIONS:

1. Except as expressly waived or agreed herein, all covenants, obligations and agreements of Restricted Persons contained in the Agreement shall remain in full force and effect in accordance with their terms. Without limitation of the foregoing, the consents, waivers and agreements set forth herein are limited precisely to the extent set forth herein and shall not be deemed to (a) be a consent or agreement to, or waiver or modification of, any other term or condition of the Agreement or any of the documents referred to therein, or (b) except as expressly set forth herein, prejudice any right or rights which any Lender Party may now have or may have in the future under or in connection with the Agreement or any of the documents referred to therein. Except as expressly modified hereby, the terms and

provisions of the Agreement and any other documents or instruments executed in connection with any of the foregoing, are and shall remain in full force and effect, and the same are hereby ratified and confirmed by Restricted Persons in all respects. As further consideration and to induce each Lender Party to enter into and grant the accommodations contained in this Amendment and Limited Consent, EACH RESTRICTED PERSON - ON BEHALF OF ITSELF AND, TO THE EXTENT IT IS PERMITTED BY LAW OR IS OTHERWISE EXPRESSLY AUTHORIZED TO DO SO, ON BEHALF OF ALL OF ITS AFFILIATES (COLLECTIVELY, "RELEASING PARTIES") -- HEREBY GENERALLY RELEASE AND FOREVER DISCHARGE EACH LENDER PARTY AND EACH OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, "RELEASED PARTIES"), FROM ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF WHATEVER KIND OR CHARACTER WHICH SUCH RELEASING PARTY HAS, OR MAY HAVE IN THE FUTURE, BASED ON ANY ACTIONS, FAILURES TO ACT, OR EVENTS THAT HAVE OCCURRED PRIOR TO THE EFFECTIVE DATE HEREOF, WHICH IN ANY WAY RELATE TO OR ARE BASED UPON (I) ANY TRANSACTIONS OF ANY KIND AMONG THE RELEASING PARTIES, ON THE ONE HAND, AND THE RELEASED PARTIES, ON THE OTHER HAND, OR (II) ANY ACTUAL OR ALLEGED NEGOTIATIONS, DISCUSSIONS, REPRESENTATIONS, WARRANTIES, PROMISES, OR OTHER UNDERTAKINGS BY RELEASED PARTIES IN CONNECTION WITH ANY OF THE FOREGOING (THE "RELEASED CLAIMS"). THIS RELEASE IS TO BE CONSTRUED AS THE BROADEST TYPE OF GENERAL RELEASE AND COVERS AND RELEASES ANY AND ALL RELEASED CLAIMS, WHETHER KNOWN OR UNKNOWN AND HOWEVER OR WHENEVER ARISING, WHETHER BY CONTRACT OR AGREEMENT, AT LAW OR UNDER ANY STATUTE (INCLUDING WITHOUT LIMITATION ANY LAW OR STATUTE PERTAINING TO NEGLIGENCE, GROSS NEGLIGENCE, STRICT LIABILITY, FRAUD, DECEPTIVE TRADE PRACTICES, NEGLIGENT MISREPRESENTATION, SECURITIES VIOLATIONS, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT, TRADE REGULATION, REGULATION OF BUSINESS OR COMPETITION, CONSPIRACY OR RACKETEERING), OR OTHERWISE ARISING, AND EXPRESSLY INCLUDING ANY CLAIMS FOR PUNITIVE OR EXEMPLARY DAMAGES, ATTORNEYS' FEES, OR PENALTIES. TO THE EXTENT THAT ANY RELEASED CLAIMS WITH RESPECT TO RELEASED PARTIES HAVE NOT BEEN RELEASED BY THIS LETTER AGREEMENT, EACH RELEASING PARTY HEREBY ASSIGNS SUCH RELEASED CLAIMS TO RELEASED PARTIES.

2. Borrower agrees to reimburse and save Administrative Agent and each Lender Party harmless from and against liabilities for the payment of all out-of-pocket costs and expenses arising in connection with the preparation, execution, delivery, amendment, modification, waiver and enforcement of, or the preservation of any rights under, this Amendment and Limited Consent, including, without limitation, the reasonable fees and expenses of legal counsel to Administrative Agent which may be payable in respect of, or in respect of any modification of, this Amendment and Limited Consent.

3. This Amendment and Limited Consent and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of New York.

4. This Amendment and Limited Consent and the documents referred to herein represent the entire understanding of the parties hereto regarding the subject matter hereof and supersede all prior and contemporaneous oral and written agreements of the parties hereto with respect to the subject matter hereof.

5. This Amendment and Limited Consent is a "Loan Document" as defined and described in the Agreement and all of the terms and provisions of the Agreement relating to Loan Documents shall apply hereto.

6. This Amendment and Limited Consent may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same agreement.

Executed as of February 29, 2000.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment and Limited Consent as of date first written above.

PLAINS MARKETING, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By:/s/ Phil Kramer

Phil Kramer, Executive Vice President

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By:/s/ Phil Kramer

Phil Kramer, Executive Vice President

ALL AMERICAN PIPELINE, L.P.

By: PLAINS ALL AMERICAN INC.,
its general partner

By:/s/ Phil Kramer

Phil Kramer, Executive Vice President

BANKBOSTON, N.A.,
as Administrative Agent, LC Issuer and Lender

By:/s/ Terrence Ronan

Terrence Ronan, Director

FIRST UNION NATIONAL BANK,
Lender

By:/s/ Robert R. Wetteroff

Name: Robert R. Wetteroff
Title: Senior Vice President

BANK OF AMERICA, N.A., Lender

By:/s/ Irene C. Rummel

Name: Irene C. Rummel
Title: Vice President

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION, Lender

By:__________________________

Name:
Title:

SUBSIDIARIES OF PLAINS RESOURCES INC.

		State of Organization
.	Calumet Florida, Inc.	Delaware
.	Plains Illinois Inc.	Delaware
.	Stocker Resources, Inc.	California
.	Stocker Resources, L.P.	California
.	Plains Resources International Inc.	Delaware
.	PMCT Inc.	Delaware
.	Plains All American Inc.	Delaware
.	Arguello Inc.	Delaware
.	Plains All American Pipeline, L.P.	Delaware
.	Plains Marketing, L.P.	Delaware
.	All American Pipeline, L.P.	Texas
.	Plains Scurlock Permian, L.P.	Delaware
.	Scurlock Permian LLC	Delaware
.	Scurlock Permian Pipe Line LLC	Delaware
.	PAAI LLC	Delaware

EXHIBIT 10.27

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PIPELINE SALE AND PURCHASE AGREEMENT

AMONG

PLAINS ALL AMERICAN PIPELINE, L.P.

ALL AMERICAN PIPELINE, L.P.

EL PASO NATURAL GAS COMPANY

AND

EPNG PIPELINE COMPANY

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PIPELINE SALE AND PURCHASE AGREEMENT

This Pipeline Sale and Purchase Agreement (this "Agreement") is made and entered into on this 31/st/ day of January, 2000, among Plains All American Pipeline, L.P., a Delaware limited partnership ("PAA"), All American Pipeline, L.P., a Texas limited partnership ("AAP" and together with PAA, collectively referred to herein as the "Sellers"), and EPNG Pipeline Company ("Buyer"), a Delaware corporation and a wholly owned subsidiary of El Paso Natural Gas Company ("Parent"). Sellers, Buyer and Parent are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITAL

Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, the Pipeline System (as hereinafter defined) and related assets on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DESCRIPTION OF SALE PROPERTY

1.1 DESCRIPTION OF SALE PROPERTY. The property that is the subject of this Agreement (the "Sale Property") shall consist of the Pipeline System and the Additional Property (as hereinafter defined), but shall exclude the Excluded Property and the Transitional Property (each as hereinafter defined).

1.2 DESCRIPTION OF PIPELINE SYSTEM. (a) As used herein, the term "Pipeline System" shall mean the crude oil pipeline system consisting of a thirty-inch (30") mainline segment extending from outside the east fence at Emidio Station, California to the north fence at McCamey Station, Texas as generally described in Exhibit A. The Pipeline System constitutes a portion of a larger pipeline system known as AAP's "All American Pipeline".

(b) The specific assets and properties comprising the Pipeline System shall also include the following:

(i) the fee property real estate described in Exhibit B;

(ii) the surface leases, easements, rights of way, permits, licenses and other grants described in Exhibit C (collectively, the "Rights of Way"); and

(iii) the contracts, agreements and instruments listed in Exhibit D.

(iv) all items of tangible personal property owned by AAP and used in connection with the Pipeline System other than the Excluded Property and the Transitional Property;

(v) all studies, analyses, drawings, blueprints, plans, construction specifications, surveys, reports, diagrams, and repair records related to the Pipeline System;

(vi) to the extent transferable to Buyer, all warranties, indemnities and guarantees to AAP from AAP's vendors and suppliers with respect to materials, goods or services supplied to AAP in connection with the construction, operation, repair, maintenance and purging of the Pipeline System; and

(vii) all rights, claims or causes of action pertaining to the Sale Property.

(c) It is the intent of Sellers, Buyer and Parent that, except for the Excluded Property and the Transitional Property, the Pipeline System include all assets and properties of AAP of the type described in clauses (a) and (b)(i)-(vii) immediately above, together with any claims and causes of action of AAP relating thereto. Sellers, Buyer and Parent agree to take such further actions and execute such additional documents as may be necessary to reflect such intent.

1.3 DESCRIPTION OF ADDITIONAL PROPERTY. As used herein, the term "Additional Property" shall mean the Fiber Optic Rights (as defined in Section 3.5) described in Exhibit E.

1.4 DESCRIPTION OF EXCLUDED PROPERTY. As used herein, the term "Excluded Property" shall mean the real and personal property described on Exhibit F.

1.5 DESCRIPTION OF TRANSITIONAL PROPERTY. As used herein, the term "Transitional Property" shall mean the personal property retained by AAP as designated on Exhibit F.

1.6 DESCRIPTION OF EXCLUDED LIABILITIES. Notwithstanding anything herein to the contrary, the Buyer shall not and does not assume or agree to pay, perform or discharge any Excluded Liabilities. "Excluded Liabilities" means all debts, liabilities and obligations relating to the Sale Property, whether accrued or fixed, absolute or contingent, matured or unmatured, or determined or determinable (i) arising from or based on any event, action, or facts or circumstances existing at any time on or prior to the Closing Date or (ii) based upon, resulting from, arising out of, or otherwise related to any Excluded Property; provided, however, the Excluded Liabilities shall not include any liability for sales, use, transfer and other similar taxes imposed or assessed against the transfer of the Sale Property to Buyer under this Agreement, including any interest or penalties assessed thereon.

ARTICLE II
PURCHASE AND SALE OF SALE PROPERTY

2.1 SALE AND DELIVERY OF SALE PROPERTY. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing provided for in Section 2.3, AAP shall sell, transfer, convey, assign and deliver to Buyer, and Buyer shall purchase, acquire and accept from AAP, effective as of 12 noon Central Time on the Closing Date (as defined in Section 2.3 hereof), all of AAP's right, title and interest in and to the Sale Property free of all liens, charges, mortgages, security interests, pledges or other encumbrances of any nature whatsoever, except for Permitted Encumbrances.

2.2 CONSIDERATION. Upon the terms and subject to the conditions set forth in this Agreement, in consideration of the aforesaid sale, conveyance, assignment, transfer and delivery of AAP's interest in and to the Sale Property, Buyer shall pay to Sellers the total amount of $129 million (the "Purchase Price") in immediately available funds by Federal Reserve wire transfer; provided, however, that if required under Article X of this Agreement, a portion of such funds may be paid to an escrow agent, as provided for in Section 5.10.

2.3 CLOSING. The closing of the sale and purchase contemplated by this Agreement (the "Closing") shall take place at the offices of Andrews & Kurth L.L.P., counsel to Sellers, located at 600 Travis, Suite 4200, Houston, Texas 77002, within 10 days after the later to occur of the following: (i) the satisfaction of the conditions set forth in Articles VI and VII (or the waiver by the Party entitled to the benefit thereof), (ii) the date on which the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") has expired or been terminated with respect to the transactions contemplated by this Agreement or (iii) the date on which the Pipeline System has been purged of not less than 99.5% of the aggregate volume of crude oil petroleum products and other petrochemicals in accordance with AAP's contractual arrangements with Nigen International, L.L.C. ("Nigen"), dated November 24, 1999. The date and time on which the Closing occurs is referred to herein as the "Closing Date."

2.4 DELIVERIES AT CLOSING. (a) At the Closing, Sellers shall convey, or cause to be conveyed, the Sale Property to Buyer, and shall deliver, or cause to be delivered to Buyer the following (the documents referred to in clauses (i), (ii) and (iii) below being herein referred to as the "Conveyance Agreements"):

(i) a Special Warranty Deed in substantially the form attached hereto as Exhibit 2.4(a)(i) conveying the fee properties described on Exhibit B to Buyer;

(ii) a Pipeline Deed and Assignment of Right of Way Interest in substantially the form attached hereto as Exhibit 2.4(a)(ii) conveying the Rights-of-Way to Buyer;

(iii) a Bill of Sale in substantially the form attached hereto as Exhibit 2.4(a)(iii) conveying all personal property comprising a part of the Sale Property to Buyer;

(iv) a certified copy of the resolutions of the Board of Directors of the general partner of PAA and AAP by which the disposition of the Sale Property was authorized;

(v) a certificate of the Secretary or Assistant Secretary of the general partner of PAA and AAP evidencing the incumbency and specimen signature of each of the corporate officers executing documents to be delivered at the Closing on behalf of PAA and AAP;

(vi) one or more agreements in the forms attached hereto as Exhibit 15.18(a) (the "Easement Agreements"), in each case as contemplated by Section 15.18;

(vii) any other agreements, documents, instruments and writings required to be delivered by Sellers to Buyer at or prior to the Closing pursuant to this Agreement;

(viii) a legal opinion from counsel to the Sellers in the form attached hereto as Exhibit 2.4(a)(viii) (the "Sellers' Legal Opinion");

(ix) a certification to Buyer in a form acceptable to Buyer and Parent as required by regulations under Section 1445 of the Internal Revenue Code, that neither of the Sellers is a "foreign person" within the meaning of Treasury Regulations 1.1445-2(b)(2)(i) (the "FIRPTA Affidavit"); and

(x) all Required Consents.

(b) At the Closing, Buyer and Parent will deliver or cause to be delivered to Sellers the following:

(i) the Purchase Price;

(ii) a certified copy of the resolutions of the Board of Directors of each of Parent and Buyer by which the acquisition of the Sale Property was authorized;

(iii) a certificate of the Secretary or Assistant Secretary of each of Parent and Buyer evidencing the incumbency and specimen signature of each of the corporate officers executing documents to be delivered at the Closing on behalf of Buyer and Parent;

(iv) executed counterparts of the Conveyance Agreements and the Easement Agreements;

(v) a legal opinion from counsel to Buyer and Parent in the form attached hereto as Exhibit 2.4(b)(v) (the "Buyer's Legal Opinion"); and

(vi) any other agreements, documents, instruments and writings required to be delivered by Buyer and Parent to Sellers at or prior to the Closing pursuant to this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby represent and warrant to Buyer and Parent that as of the date first above written and the Closing Date as follows:

3.1 ORGANIZATION AND AUTHORITY. (a) AAP is a limited partnership duly organized and validly existing under the laws of the State of Texas, is duly qualified to transact business in the States of Arizona, California, New Mexico and Texas, and has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by AAP have been duly and validly authorized by all necessary partnership action of AAP.

(b) PAA is a limited partnership duly organized, validly existing under the laws of the State of Delaware, is duly qualified to transact business in the State of Texas, and has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by PAA have been duly and validly authorized by all necessary partnership action of PAA.

3.2 EXECUTION AND EFFECT. This Agreement has been (and at Closing each other agreement, instrument, certificate, exhibit, schedule or documents (each an "Ancillary Agreement") that is required by this Agreement to be executed and delivered by Sellers at Closing will be) duly and validly executed and delivered by Sellers and assuming the due authorization, execution and delivery of this Agreement (and such other agreements) by Buyer and Parent, constitutes (or at Closing will constitute) a valid, binding and enforceable obligation of Sellers; subject, however, to the effect of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3 NO VIOLATION. Assuming receipt of the approvals described in Exhibit 3.3 (the "Required Consents") and subject to Section 5.5, neither the execution and delivery of this Agreement by Sellers nor the consummation by Sellers of the transactions contemplated hereby (a) violates any provision of the Amended and Restated Agreement of Limited Partnership of AAP or the Second Amended and Restated Agreement of Limited Partnership of PAA, (b) constitutes a breach of or default under (or an event that, with the giving of notice or passage of time or both, would constitute a breach of or default under), or will result in the termination of, or accelerate the performance required by, or result in the creation or imposition of any security interest, lien, charge or other encumbrance upon Sellers' interest in the Sale Property under, any material contract, commitment, understanding, agreement, arrangement or restriction of any kind or character to which Sellers are a party or by which Sellers or any of their assets are bound (provided, however, that this Section 3.3(b) shall not be construed as constituting a representation or warranty as to either (i) whether or not the consent of any third party is required to assign any of the Sale Property or (ii) the effect of failing to obtain any such required consent) or (c) to the knowledge of Sellers violates any statute, law, regulation or rule, or any judgment, decree, order, writ or injunction of any court or governmental authority applicable to Sellers or the Sale Property.

3.4 TITLE TO FEE PROPERTY. The real property identified in Exhibit B hereto constitutes all of the real property comprising and used in connection with the Pipeline System, other than the Excluded Property and the Transitional Property. AAP has good and defensible title to all real estate identified in Exhibit B, free and clear of all liens, charges, mortgages, security interests, pledges or other encumbrances of any nature whatsoever, except for the following (collectively, the "Permitted Encumbrances"):

(a) Any state of facts that an accurate survey would show, in each case including any easements, rights of way or encroachments;

(b) Restrictions, easements, rights of way, exceptions, reservations, covenants, terms and conditions (i) contained in prior instruments of record in the chain of title to such property or (ii) otherwise validly burdening such property (to the extent previously disclosed or made available in writing by Sellers to Buyer and Parent);

(c) Any lien for taxes that are not yet due and payable;

(d) Pre-printed standard Schedule A exceptions or exclusions from coverage in an owner's policy of title insurance on a standard form issued by a reputable title insurance company operating in the area where the property in question is located;

(e) Materialmen's, mechanic's, repairmen's, employees', contractors', tax and other similar liens or charges arising in the ordinary course of business for obligations that are not delinquent or that will be paid and discharged by AAP in the ordinary course of business no later than 90 days after the Closing Date (unless being contested in good faith at such time but in that event no later than 270 days) or, if delinquent, that are being contested in good faith by appropriate action;

(f) All required third-party or governmental consents to assignment that will not have a material adverse effect on the ownership or operation of the Sale Property if not obtained;

(g) All rights reserved to or vested in any governmental, statutorial or public authority to control or regulate any of the real property interests constituting a part of the Sale Property;

(h) Any matters that are waived or otherwise released by Buyer or Parent in writing or satisfied by Sellers on or prior to the Closing Date; and

(i) Other minor defects (i.e., any encumbrances affecting the property that individually or in the aggregate are not such as to materially and adversely affect the ownership or operation of the Sale Property).

3.5 TITLE TO RIGHTS OF WAY. (a) The Rights of Way as identified in Exhibit C constitute all of the Rights of Way encompassing or relating to the Pipeline System, and AAP has good and defensible title to the Rights of Way, free and clear of all liens, charges, mortgages, security

interests, pledges or other encumbrances of any nature whatsoever, except for the Permitted Encumbrances.

(b) Although Sellers believe that certain portions of the Rights of Way and the Additional Property identified on Exhibit C and Exhibit E provide for and allow the installation, operation and maintenance of fiber optic conduit, fibers and other fiber optic improvements (the "Fiber Optic Rights"), Sellers make no representation that any such Right of Way or Additional Property will permit Buyer to use the Fiber Optic Rights without additional agreements for such use between Buyer and the grantor of the Right of Way or Additional Property. Buyer and Parent acknowledge that they have reviewed the documents creating the Rights of Way and the Additional Property, and that they are accepting the risk that certain of the Rights of Way and Additional Property may not provide Fiber Optic Rights across certain property.

3.6 TITLE TO PERSONAL PROPERTY. AAP has good title to all personal property included in the Sale Property, free and clear of all liens, claims, charges, mortgages, security interests, pledges or other encumbrances of any nature whatsoever, except for the Permitted Encumbrances (to the extent same pertain to or affect personal property).

3.7 LITIGATION. Except as set forth in Exhibit 3.7 (a) there are no judgments, orders, writs or injunctions of any court or governmental authority or other regulatory or administrative agency, commission or arbitration panel, domestic or foreign, presently in effect or pending against Sellers with respect to its interest in the Sale Property or the operation thereof, and (b) there are no claims, actions, suits, proceedings, or investigations by or before any court or governmental authority or other regulatory or administrative agency, commission or arbitration panel pending by or against Sellers with respect to its interest in the Sale Property or the operation thereof.

3.8 COMPLIANCE WITH APPLICABLE LAW. Except (a) as disclosed in Exhibit 3.8 and (b) with respect to Environmental Requirements (as defined in Section 9.2(e) below), which are addressed in Section 3.11(b) below, AAP is in compliance with all material provisions of all laws, rules, regulations, ordinances, orders, judgments and decrees applicable to its operation and use of the Sale Property as presently conducted and AAP has not received any written notification, and is not aware of any planned written notification, that it is not presently in compliance therewith.

3.9 TAXES. All returns required to be filed by federal, state or local laws with respect to the Sale Property or its operations prior to Closing have been filed by AAP or will be filed prior to Closing, and all taxes (other than income taxes) imposed or assessed, whether federal, state or local, on the Sale Property, which are due or payable for any period ending on or prior to the Closing Date, have been or will be paid prior to Closing.

3.10 PREFERENTIAL PURCHASE RIGHTS. There are no preferential purchase rights, options, or other rights in any person or entity, not a party to this Agreement, to purchase or acquire any interest in the Sale Property, in whole or in part, as a result of the transactions contemplated by this Agreement.

3.11 ENVIRONMENTAL MATTERS. (a) Except as disclosed in Exhibit 3.11, (i) Sellers have not received any written notification that asserts (and do not have any knowledge) that any portion of the Sale Property is not in compliance with applicable Environmental Requirements and (ii) no condition exists on any Sale Property which would give rise to any obligations or liabilities under any applicable Environmental Requirements; and (iii) there are no published claims or notices that any person or entity is or may be a potentially responsible person ("PRP") or otherwise liable in respect of any Sale Property under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or any analogous state law.

(b) Except for such permits, licenses and authorizations as are not material to the ownership or operation (as described in Section 15.17) of the Pipeline System, all of the permits, licenses, and other governmental authorizations required by applicable Environmental Requirements for AAP to own or operate (as described in Section 15.17) the Pipeline System (i) have been granted by the appropriate authority and (ii) are valid and in full force and effect. To the knowledge of Sellers, there are no material actions or proceedings for the revocation thereof or any other material action or proceeding before any governmental department, commission, board, bureau, agency, court, or instrumentality involving the permits and licenses.

3.12 DISCLOSURE. The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading. To the Sellers' knowledge, there is no fact that has not been disclosed in this Agreement, the Exhibits or the written materials or data made available to Buyer or Parent pursuant to Section 5.3 below that has or could be reasonably expected to impair the ability of either Seller to perform this Agreement, any undertaking herein or the transactions contemplated hereby.

3.13 ALL PROPERTY. The Sale Property constitutes all of the assets, rights and property of any kind, other than the Additional Property, the Excluded Property and the Transitional Property, used by the Sellers or any of their affiliates in connection with the Pipeline System.

3.14 FREE OF CONTRACTS. Upon cancellation of the AAP FERC Tariffs, neither of the Sellers, any of their affiliates nor the Sale Property is subject to any contract, agreement, arrangement or understanding (whether written or oral), requiring the transmission of anything through the Sale Property at any time from and after the Closing Date.

3.15 PURGED OF OIL. On the Closing Date, the Sale Property shall be free of all crude oil, petroleum products and petrochemicals. For the purposes hereof, the purging from the Sale Property of no less than 99.5% of the aggregate volume of the Pipeline System shall be deemed to satisfy this Section 3.15.

3.16 NO UNSATISFIED LIABILITIES. There are no debts, liabilities or obligations of the Sellers secured by the Sale Property other than such debts, liabilities or obligations that will be satisfied, or the security interest released, in full at or prior to Closing.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent hereby represent and warrant to Sellers as follows:

4.1 ORGANIZATION AND AUTHORITY. Each of Buyer and Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is (or on or prior to the Closing will be) duly qualified to transact business in the States of Arizona, California, New Mexico and Texas and has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Buyer and Parent have been duly and validly authorized by all necessary action of Buyer and Parent.

4.2 EXECUTION AND EFFECT. This Agreement has been (and at Closing each other agreement that is required by this Agreement to be executed and delivered by Buyer and Parent at Closing will be) duly and validly executed and delivered by Buyer and Parent and, assuming the due authorization, execution and delivery of this Agreement (and such other agreements) by Sellers, constitutes (or at Closing will constitute) a valid, binding, and enforceable obligation of Buyer and Parent; subject, however, to the effect of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.3 NO VIOLATION. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (a) violates any provision of the Certificate of Incorporation or Bylaws of either Buyer or Parent, (b) constitutes a material breach of or default under (or an event that, with the giving of notice or passage of time or both, would constitute a material breach of or default under), or will result in the termination of, or accelerate the performance required by, or result in the creation or imposition of any security interest, lien, charge or other encumbrance upon any of the assets of Buyer or Parent under, any material contract, commitment, understanding, agreement, arrangement or restriction of any kind or character to which either of Buyer or Parent is a party or by which Buyer, Parent or any of their assets are bound, or (c) violates in any material respect any statute, law, regulation or rule, or any judgment, decree, order, writ or injunction of any court or governmental authority applicable to Buyer, Parent or any of their assets.

4.4 SUFFICIENCY OF FUNDS. Parent has, and at Closing Buyer will have, funds sufficient to consummate the transactions contemplated hereby.

ARTICLE V
OTHER AGREEMENTS AND OBLIGATIONS OF THE PARTIES

5.1 TARIFFS. AAP will cause all of its existing FERC tariffs, rules and regulations governing interstate transportation of materials in the Sale Property (the "AAP FERC Tariffs") to be canceled prior to the Closing Date.

5.2 CONDUCT OF BUSINESS PENDING CLOSING. From the date hereof through the Closing Date, Sellers shall not, without the prior written consent of Buyer or Parent:

(a) sell, transfer, encumber, or otherwise dispose of any assets comprising the Sale Property;

(b) enter into any agreements, commitments or contracts affecting the Sale Property other than as contemplated by this Agreement;

(c) release or waive any claims, rights or causes of action pertaining to the Sale Property;

(d) enter into any utility, relocation or similar agreements that would obligate Buyer to incur utility, relocation or similar costs with respect to the Sale Property;

(e) agree or commit to do any of the foregoing; or

(f) operate the Sale Property in any manner other than as contemplated by this Agreement.

5.3 ACCESS TO BOOKS, RECORDS AND FACILITIES. (a) Prior to the Closing Date, Sellers will permit Buyer and Parent reasonable access during normal business hours, upon such advance notice to Sellers as is reasonable under the circumstances existing at the time notice is given, to the Sale Property and the books, contracts, commitments and records pertaining thereto (including information pertaining to any outstanding litigation with respect to the Sale Property), and will furnish Buyer and Parent during such period with such information concerning AAP's ownership and operation of the Sale Property as Buyer and Parent may reasonably request.

(b) Buyer and Parent agree to protect, indemnify, defend and hold harmless Sellers, their general partner and their directors, officers, employees, agents and representatives from and against any and all claims, liabilities, losses, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees) in connection with personal injuries, including death, or property damage to the extent caused by Buyer or Parent and arising out of or relating to the access of Buyer, Parent and any of their officers, employees and representatives to the Sale Property and the records and other information relating thereto as permitted under this Agreement.

5.4 MUTUAL ASSURANCE; COOPERATION. Upon the terms and subject to the conditions set forth in this Agreement, each of the Parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to cause the conditions to the Parties' respective obligations hereunder to be satisfied and

to consummate and make effective the transactions contemplated by this Agreement and shall use its commercially reasonable efforts to obtain promptly all waivers, permits, consents and approvals of, and to effect all registrations, filings and notices with or to, third parties or governmental or public bodies or authorities which are necessary or desirable in connection with the transactions contemplated by this Agreement. Without limiting the foregoing, each of the Parties undertakes and agrees to file as soon as practicable (and in any event not later than ten days after the date hereof) a Notification and Report Form under the HSR Act. Buyer shall pay all filing fees attributable to such filing. To the extent it is reasonable to do so under the circumstances (taking into account any applicable time constraints and the materiality of the particular notice), all notices to third parties shall be jointly coordinated between the Parties.

5.5 ASSIGNMENTS REQUIRING CONSENTS, PREFERENTIAL PURCHASE RIGHTS. (a) To the extent that the assignment of any rights of AAP under leases, easements, rights of way, permits, including permits relating to environmental laws or any occupational health or safety laws, licenses, franchises or any other assets comprising a part of the Sale Property shall require the consent of any other party thereto, Sellers shall, subject to the terms of Section 5.4, use reasonable commercial efforts to promptly obtain all required consents prior to Closing and if not so obtained, for a reasonable time following Closing. The refusal of any of said other parties (other than an affiliate that controls, is controlled by or under common control with the Sellers) to give such consent or the fact that the attempted assignment of any rights by Sellers is ineffective shall not constitute a breach of any of the representations, warranties or covenants of Sellers hereunder, including, without limitation, the representation and warranty in Section 3.3(b), provided that Sellers have complied with Section 5.4 above and, further, have assisted Buyer and Parent in making or seeking alternative arrangements (including, but not limited to, granting right-of-way licenses to Buyer). Buyer and Parent also agree that they shall have no claim against Sellers based upon any failure to obtain a consent necessary to assign any portion of the Sale Property (provided that Sellers shall otherwise have complied with the terms of this Agreement).

(b) In each instance where such consents cannot be obtained prior to the Closing, Sellers shall, for no additional consideration, to the extent permitted by applicable law or the terms of the applicable contract, enter into such alternative arrangements and agreements with Buyer and Parent as may be appropriate in order to permit Buyer to realize, receive, and enjoy substantially similar rights and benefits and to enable Buyer to conduct the operation of the Pipeline System until such consents are obtained. If, after the exercise of efforts consistent with the standard set forth in clause (a) immediately above, any such consents are not obtained, to the extent permitted by applicable law or the terms of the applicable contract, Sellers shall cooperate with Buyer and Parent in any reasonable efforts of Buyer and Parent to provide for alternative arrangements (including, but not limited to, the obtaining by Buyer of new right-of-way licenses) designed to provide for the benefit of Buyer any and all rights of AAP in and to such right-of-way grant. To the extent an assignment of a right-of-way grant is prohibited by law or otherwise, nothing herein shall constitute or be construed as an attempt of an assignment thereof.

5.6 PUBLICITY. Each of the Parties shall consult with the other in advance of issuing or permitting any of its affiliates or representatives to issue any press release or otherwise make any public statement with respect to the transactions contemplated hereby, including the signing of this

Agreement, and shall obtain the prior approval of the other Party as to the content of any such disclosure, which approval shall not be unreasonably withheld. This provision shall not apply, however, to any announcement or written statement that, upon advice of counsel, is required by law or the rules and regulations of the New York Stock Exchange to be made, except that any Party required to make such announcement or statement shall, whenever practicable, consult with the other Party concerning the timing and content of such announcement or statement before it is made.

5.7 NOTICE REGARDING REPRESENTATIONS AND WARRANTIES. Prior to the Closing, Sellers, Buyer and Parent each shall promptly notify the other of any matter that it becomes aware of that would (a) cause the responsible Party's representations and warranties to be untrue in any material respect as of the Closing Date, (b) constitute a breach of any of their agreements and covenants hereunder or (c) result in a Party's inability to satisfy any condition to Closing contained in Articles VI or VII.

5.8 SELLER'S ENVIRONMENTAL, REMOVAL AND REMEDIATION OBLIGATIONS. (a) Sellers shall, at their own cost and expense, within eight months following the Closing Date, remove from the pump and heater station sites identified on Exhibit F(b)-(q) all underground station piping, turbines, pumps and other facilities and equipment not included in the Sale Property. Sellers shall undertake and complete such remediation and removal in accordance with all applicable Environmental Requirements and other laws and regulations, and shall undertake and complete all remediation or other activities in connection with such removal in order to comply with any applicable Environmental Requirement. Sellers agree to protect, indemnify, defend and hold harmless Buyer and Parent, and their directors, officers, employees, agents and representatives from and against any and all claims, liabilities, losses, costs and expenses (including without limitation courts costs and reasonable attorneys' fees) in connection with personal injuries, including death, or property damage to the extent caused by Sellers or arising out of or relating to the activities conducted pursuant to this Section 5.8 by Sellers their partners, officers, employees, and representatives.

(b) During the eight month period referred to in Section 5.8(a), including any extensions of such period as provided for in Section 5.8(c), Sellers shall have sole discretion and control over the removal and remediation methods and operations to be conducted by Sellers, and Buyer and Parent shall grant Sellers sufficient access to the Sale Property to enable Sellers to complete such removal and remediation; provided, however, that Sellers shall use commercially reasonable efforts to minimize interference with Buyer's operations. Buyer and Parent acknowledge that such actions may include on-site remediation.

(c) Sellers shall use their commercially reasonable efforts to complete the removal and remediation required by Section 5.8(a) within eight months of the Closing Date. To the extent that Sellers experience delays (other than delays resulting from the Sellers' actions or failure to act) related to obtaining permits or other approvals necessary to conduct the removal and remediation operations required by Section 5.8(a), the eight month period shall be extended by the length of time required for Sellers to obtain such permits or regulatory approvals.

(d) In connection with the removal of underground station pipeline, turbines, pumps and other facilities pursuant to this Section 5.8, Sellers shall use recognized and duly licensed contractors

and shall, at Buyer's request, to the extent transferable, assign to Buyer all guarantees, indemnifications and performance bonds, if any, provided by such contractors to the Sellers.

(e) With regard to the personal property identified as retained by Sellers on Exhibit F(b)-(q) hereto (the "Transitional Property"), such Transitional Property shall remain the property of Sellers, but Sellers shall have no obligation, under this Section 5.8 or otherwise, to remove such property, and all costs, expenses and liabilities concerning the maintenance, removal or use of such property shall be the sole and exclusive obligation of Buyer. Buyer shall have the obligation to deliver the Transitional Property to Sellers as soon as reasonably practicable, but if the Transitional Property has not been delivered by June 1, 2001, the Buyer shall purchase the Transitional Property from Sellers at a salvage value reasonably agreed upon by the Parties.

5.9 NO SOLICITATION OF EMPLOYEES. For a period of one year following the Closing, Buyer and Parent will not, without Sellers' prior written consent, directly or indirectly, (i) cause or attempt to cause any employee of Sellers to terminate his or her employment relationship with Sellers (or their general partner), (ii) interfere or attempt to interfere with the relationship between the Sellers and any employee of Sellers (or their general partner) or (iii) solicit or attempt to solicit any employee of Sellers (or their general partner); provided, however, that the restrictions set forth in this Section 5.9 shall not be applicable with respect to any employee who is terminated by Sellers (or their general partner) after the Closing or who is solicited by Buyer or Parent with the written consent of Sellers.

5.10 ESCROW AGENT. If required under Article X, the Parties will appoint an escrow agent and execute an escrow agreement on terms reasonably satisfactory to the Parties.

ARTICLE VI
CONDITIONS TO OBLIGATIONS OF BUYER AND PARENT

The obligations of Buyer and Parent to effect the transactions contemplated by this Agreement on the Closing Date shall be subject to the fulfillment, prior to or at the Closing, of each of the conditions set forth in this Article VI (unless waived in writing by Buyer and Parent).

6.1 REPRESENTATIONS AND WARRANTIES TRUE. All representations and warranties made by Sellers in this Agreement shall have been true in all material respects when made and shall be true in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of such date, except for any changes contemplated by the terms of this Agreement or consented to by Buyer and Parent in writing.

6.2 PERFORMANCE. Sellers shall have performed and complied with, in all material respects, all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date, including having obtained the Required Consents identified on Exhibit 3.3.

6.3 OFFICER'S CERTIFICATE. The corporate general partner of the Sellers shall have delivered to Buyer a certificate of a corporate officer, dated the date of Closing, certifying on behalf of Sellers that the conditions set forth in Section 6.1 and 6.2 have been fulfilled.

6.4 HSR ACT WAITING PERIODS. All filings applicable to this Agreement or the transactions contemplated hereby under the HSR Act shall have been made and the waiting period and any extensions thereof, with respect to the transactions contemplated by this Agreement shall have expired or been terminated.

6.5 LITIGATION. No action or proceeding shall be pending against Buyer or Parent in any court of law or by any administrative or governmental agency on the Closing Date, wherein an unfavorable judgment, decree or order could prevent, make unlawful or materially affect the consummation of the transactions contemplated by this Agreement or materially affect the Sale Property.

6.6 SALE OF LINEFILL. Sellers shall have completed the purging of not less that 99.5% of the aggregate volume of crude oil linefill including all other petroleum products and petrochemicals contained in the Pipeline System in accordance with AAP's contractual arrangements with Nigen. Sellers shall have made all payments required to be paid through the Closing Date pursuant to such contractual arrangements.

6.7 RECEIPT OF CANCELLATION OF TARIFF. Sellers shall have received evidence of the cancellation of the AAP FERC Tariffs as required under Section 5.1.

ARTICLE VII
CONDITIONS TO SELLERS' OBLIGATIONS

The obligations of Sellers to effect the transactions contemplated by this Agreement on the Closing Date shall be subject to the fulfillment, prior to or at the Closing, of each of the following conditions (unless waived in writing by Sellers):

7.1 REPRESENTATIONS AND WARRANTIES TRUE. All representations and warranties of Buyer and Parent contained herein shall have been true in all material respects when made and shall be true in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of such date, except for any changes contemplated by the terms of this Agreement or consented to by Sellers in writing.

7.2 PERFORMANCE. Each of Buyer and Parent shall have performed and complied with, in all material respects, all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date and Sellers shall have obtained the Required Consents identified on Exhibit 3.3.

7.3 OFFICER'S CERTIFICATE. Each of Buyer and Parent shall have delivered to Sellers a certificate of a corporate officer, dated the date of Closing, certifying on behalf of each of Buyer and Parent that the conditions set forth in Sections 7.1 and 7.2 have been fulfilled.

7.4 HSR ACT WAITING PERIODS. All filings applicable to this Agreement or the transactions contemplated hereby under the HSR Act shall have been made and the waiting period (and any extensions thereof) thereunder with respect to the transactions contemplated by this Agreement shall have expired or been terminated.

7.5 LITIGATION. No action or proceeding shall be pending against Sellers in any court of law or by any administrative or governmental agency on the Closing Date, wherein an unfavorable judgment, decree or order could prevent, make unlawful or materially affect the consummation of the transactions contemplated by this Agreement.

7.6 RECEIPT OF CANCELLATION OF TARIFF. Sellers shall have received evidence of the cancellation of the AAP FERC Tariffs as required under Section 5.1.

ARTICLE VIII
BUYER AND PARENT'S ASSUMPTION OF RIGHTS AND OBLIGATIONS

8.1 ASSUMPTION OF OBLIGATIONS. Without limiting Buyer's and Parent's obligations under the indemnification provisions of this Agreement, from and after the Closing Date, Buyer and Parent agree to pay, perform and discharge all liabilities and obligations (other than Excluded Liabilities), under the contracts, agreements and instruments listed on Exhibits C, D and E, only to the extent that such obligations accrue or arise out of or in respect of the Sale Property and solely from and after Closing.

8.2 FURTHER ASSURANCES REGARDING ASSUMPTION OF LIABILITIES. Upon the request of Sellers, Buyer and Parent agree to execute and deliver mutually agreeable, specific assumption agreements with respect to the obligations and liabilities assumed by Buyer and Parent pursuant to Section 8.1.

ARTICLE IX
SURVIVAL OF OBLIGATIONS; INDEMNIFICATION

9.1 SURVIVAL OF OBLIGATIONS. The representations, warranties, covenants, agreements and indemnification obligations of the Parties under this Agreement shall survive the Closing for a period of three years and any claim with respect thereto must be made on or before the third anniversary of the Closing Date; except that (i) any claim with respect to the breach of Section 3.9 may be made if Buyer shall have notified Seller on or before the date upon which the applicable tax period, including any period for recovery of a deficiency, is closed and (ii) the indemnification obligations contained in Section 9.4 (x) shall survive without limitation with respect to any claims based on or arising out of crude oil contamination and (y) shall survive for a period of three years with respect to all other claims made pursuant to Section 9.4, and any claim with respect thereto must be made on or before the third anniversary of the Closing Date.

9.2 DEFINITIONS. For the purposes of this Agreement, the following terms shall have the meanings indicated:

(a) "Damages" shall mean losses, damages (whether compensatory, punitive, consequential, or special in nature), obligations, liabilities, demands, claims, costs and expenses (including, but not limited to, reasonable attorneys' fees, expenses and court costs), whether suffered by a Party or a third party and whether resulting from or consisting of injury to or death of any person or persons or damage to or loss of any property.

(b) "Environmental Damages" shall mean Damages, together with the costs of remediation including, but not limited to, reasonable consultant and lab fees, that arise out of or relate to the Sale Property under any Environmental Requirements.

(c) "Sellers" shall mean, when Sellers are indemnifying parties, Plains All American Pipeline, L.P., Plains All American Inc., Plains Marketing, L.P. and All American Pipeline, L.P., and their successors or assigns (collectively, the "Plains Parties"), but shall specifically exclude Plains Scurlock Permian, L.P. and Plains Resources Inc. and its subsidiaries other than the Plains Parties; and when Sellers are indemnified parties, the Plains Parties and their affiliates, successors and assigns, and any of their general partners, employees, officers, directors, agents and representatives, including Plains Scurlock Permian, L.P. and Plains Resources Inc. and its subsidiaries other than the Plains Parties.

(d) "Buyer" shall mean, when Buyer is an indemnifying party, EPNG Pipeline Company, and its successors or assigns; and when Buyer is an indemnified party, EPNG Pipeline Company, its stockholders, their subsidiaries, affiliates, successors and assigns, and any of their employees, officers, directors, agents, and representatives.

(e) "Environmental Requirements" shall mean all applicable laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, as amended, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, and the states and political subdivisions thereof, and all principles of common law, pertaining to the health, safety or protection of the environment, and/or damages to, including, without limitation, CERCLA, the Clean Air Act, the Federal Water Pollution Control Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Hazardous Materials Transportation Act, and the Oil Pollution Act.

(f) "knowledge," when used with respect to Sellers, means that which is known, after reasonable inquiry, by any of the following individuals in their respective areas of responsibility: Greg Armstrong (Chief Executive Officer), Harry Pefanis (President and Chief Operating Officer), Mark Shires (Vice President - Operations), Larry Dreyfuss (General Counsel), Mike Madden (Manager - - Land and Contracts), Jordan Janak (Director of Regulatory Compliance & Safety), and Mark Olson (Manager - Western Region Operations).

(g) "Parent" shall mean, when Parent is an indemnifying party, El Paso Natural Gas Company and its successors or assigns; and when Parent is an indemnified party, El Paso Natural Gas Company, its stockholders, their subsidiaries, affiliates, successors and assigns, and any of their employees, officers, directors, agents, and representatives.

9.3 DAMAGES. (a) Subject to the terms and conditions of this Article IX and except with respect to (x) Environmental Damages, which are dealt with exclusively in Section 9.4 below and (y) any liabilities associated with Sellers' remediation obligations, which are dealt with exclusively in Section 5.8 above, Sellers shall indemnify, defend and hold harmless Buyer from and against, and shall reimburse Buyer for any and all Damages attributable to:

(i) any breach by Sellers of any representation or warranty of Sellers contained in this Agreement;

(ii) any breach by Sellers of any covenant or agreement contained in this Agreement;

(iii) any injury to or death of any person or persons, but only relating to the Sale Property and the activities thereon, including omissions and failures to act, to the extent occurring prior to and up to the Closing Date;

(iv) any damage to or loss of any third party property relating to the Sale Property and the activities thereon, including omissions and failures to act, to the extent occurring prior to and up to the Closing Date and relating solely to actions or omissions before the Closing Date;

(v) any violation of or failure to comply with any applicable law, regulation, decree, understanding, ordinance, rule or order relating to the Sale Property and activities thereon, including omissions and failures to act, but only to the extent occurring prior to and up to the Closing Date and relating solely to actions or omissions before the Closing Date;

(vi) any other obligation or liability based upon or arising out of the ownership or operation of the Sale Property, including claims brought by employees of AAP, to the extent same are attributable to the period prior to and up to the Closing Date and relating solely to actions or omissions before the Closing Date; and

(vii) all Excluded Liabilities.

(b) Subject to the terms and conditions of this Article IX and except with respect to Environmental Damages, which are dealt with exclusively in Section 9.4 below, Buyer and Parent shall indemnify, defend and hold harmless Sellers from and against and shall reimburse Sellers for any and all Damages attributable to:

(i) any breach by Buyer or Parent of any representation or warranty of Buyer or Parent contained in this Agreement;

(ii) any breach by Buyer or Parent of any covenant or agreement contained in this Agreement;

(iii) any injury to or death of any person or persons but only relating to the Sale Property and activities thereon, including omissions and failures to act, to the extent occurring from and after the Closing Date;

(iv) any damage to or loss of any third party property relating to the Sale Property and activities thereon, including omissions and failures to act, to the extent occurring from and after the Closing Date and relating solely to actions or omissions after the Closing Date;

(v) any violation of or failure to comply with any applicable law regulation, decree, understanding, ordinance, rule or order relating to the Sale Property and activities thereon, including omissions and failures to act, but only to the extent occurring from and after the Closing Date and relating solely to actions or omissions after the Closing Date; and

(vi) any other obligation or liability based upon or arising out of the ownership or operation of the Sale Property, including claims brought by employees of Buyer, to the extent same are attributable to the period from and after the Closing Date and relating solely to actions or omissions after the Closing Date.

9.4 ENVIRONMENTAL DAMAGES. (a) Notwithstanding the terms and provisions of Section 9.3 above, but subject to Section 9.4(b) below, Buyer and Parent agree to indemnify, defend, reimburse, and hold harmless Sellers from and against any and all Environmental Damages based on or arising out of any conditions, events, circumstances, facts, activities, practices, incidents, actions or omissions, whether known, unknown, disclosed, undisclosed, fixed or contingent, occurring or existing subsequent to the Closing Date at, on, under, about, within or migrating from any Sale Property resulting from the operation or use of such property by Buyer or Parent, including, without limitation, any such Environmental Damages (except for any such Environmental Damages attributed solely to Sellers' obligations under Section 5.8) arising from noncompliance with any Environmental Requirements or the use, storage, treatment, disposal, generation, transportation or release of any waste or substances at any on-site or off-site location subsequent to the Closing Date, including, but not limited to, remediation of any spills of crude oil subsequent to the Closing Date resulting from construction activities not associated with Sellers' removal of pump and heater station facilities.

(b) Notwithstanding the terms and provisions of Section 9.3 above, but subject to Section 9.4(a) above, Sellers agree to indemnify, defend, reimburse and hold harmless Buyer from and against any and all Environmental Damages based on or arising out of any conditions, events, circumstances, facts, activities, practices, incidents, actions or omissions, whether known, unknown, disclosed, undisclosed, fixed or contingent, occurring or existing on or prior to the Closing Date at, on, under, about, within or migrating from any Sale Property, including, without limitation, any such Environmental Damages arising from (a) noncompliance with any Environmental Requirements or the use, storage, treatment, disposal, generation, transportation or release of any waste or substances at any on-site or off-site location on or prior to the Closing Date, or (b) in respect of the matters listed on Exhibits 3.7 and 3.11; provided, however, that Sellers shall not indemnify Buyer for any Environmental Damages resulting from Buyer's actions or omissions, whether occurring before or after Closing.

9.5 INDEMNIFICATION PROCEDURE. (a) In the event that either Party receives written notice of (i) the commencement of any action or proceeding, (ii) the assertion of any claim by a third party or (iii) the imposition of any penalty or assessment for which indemnity may be sought pursuant to this Article IX, and such Party intends to seek indemnity from the other Party pursuant to this Article IX, such Party shall with reasonable promptness but no later than 15 days following the receipt of such notice (provided, however, that any failure to give such notice will not waive any rights of the Party seeking indemnification except to the extent the rights of the indemnifying party are actually prejudiced), provide the other Party with written notice of such intent, which notice shall include a copy of the written notice received by the Party seeking indemnification and shall specify the nature of and specific basis for such indemnification claim and the amount or estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim and demand). The Party upon whom a request for indemnification is made shall be entitled to participate in or, at such Party's option, assume control of the defense, appeal or settlement of the action, proceeding, claim, penalty or assessment with respect to which such indemnity has been invoked. The Party that requested indemnification will fully cooperate with the other Party in connection therewith; provided, however, that neither Party shall settle or compromise any action, proceeding, claim, penalty or assessment with respect to which indemnification has been sought without the other Party's prior written consent, which consent shall not be unreasonably withheld.

(b) In the event either Party has a claim against the other Party pursuant to the indemnification provisions hereof that does not involve a claim or demand being asserted against or sought to be collected by a third party, the Party seeking indemnification shall as promptly as practical send a claim notice to the other Party, which notice shall specify the nature of and specific basis for such claim or demand and the amount or estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim or demand); provided, however, that any failure to give such notice will not waive any rights of the Party seeking indemnification except to the extent the rights of the other Party are actually prejudiced as a result thereof.

(c) Upon discovery of an event or condition that has or may give rise to a claim pursuant to the indemnification provisions of this Agreement, each of the Parties agree to notify the other Party and use reasonable efforts to cooperate with the other Party to mitigate the damages associated with such condition or event and the remediation or resolution thereof.

9.6 ADDITIONAL INDEMNITY PROVISIONS. (a) Notwithstanding any other provision of this Article IX, (i) Sellers shall not have an indemnity obligation to Buyer unless and until, and only to the extent that, the aggregate amount of the Damages suffered by Buyer exceeds $1,000,000.

(b) Buyer and Parent further agree that if Sellers are obligated to indemnify Buyer or Parent pursuant to Section 9.4(b) hereof, Sellers may satisfy such obligation, in their sole discretion and at their sole expense, subject to obtaining regulatory approval, through on-site remediation of the Environmental Damages suffered by Buyer or Parent. Buyer and Parent shall reasonably cooperate with Sellers in conjunction with obtaining such necessary approvals and completing such on-site remediation.

ARTICLE X
DAMAGE OR CONDEMNATION

10.1 DAMAGE OR CONDEMNATION. From the date of execution of this Agreement until Closing, if the Sale Property is damaged or condemned, or condemnation proceedings affecting a portion of the Sale Property are filed, in any such case prior to the Closing Date, such that the costs to repair the damaged property or replace the condemned property, as applicable, exceeds $1,000,000 in the aggregate, Sellers, at their option, shall either (a) deduct from the Purchase Price due at Closing the reasonable cost agreed to by Buyer and Parent to substantially restore such Sale Property to its condition immediately prior to such damage or condemnation, provided that such restoration can be completed by a date reasonably acceptable to Buyer and Parent, (b) at its own expense restore such Sale Property to its condition immediately prior to such damage or condemnation, provided that such restoration can be completed no later than six months after the Closing Date, and provided further that if such restoration has not been completed prior to the Closing Date, at Closing the Sellers shall obtain a performance bond or shall deposit with an escrow agent an amount of money equal to the amount the Buyer and Parent reasonably estimates will be required to complete such restoration or (c) if such costs exceed $20,000,000, Sellers may declare this Agreement terminated without liability to either Buyer or Parent. If prior to the Closing Date the Sale Property has been damaged or condemned such that the total cost of repairing and replacing all such damaged or condemned property (other than damaged or condemned property cured or able to be cured pursuant to clause (a) or (b) immediately preceding) exceeds $20,000,000 and Buyer and Parent do not elect to waive the damage or condemnation, Buyer and Parent may declare this Agreement terminated, without liability to Sellers. Notwithstanding anything to the contrary above, the Parties agree that the $1,000,000 threshold shall not include any damages attributable to the negligent actions of Sellers or their contractors, or their employees or subcontractors; provided, however, that once the $1,000,000 threshold is reached, all damages, regardless of whether caused by Sellers, Parent, Buyer or third parties, shall be subject to the options set forth in clauses (a), (b) or (c) above.

ARTICLE XI
DISPUTE RESOLUTION

11.1 DISPUTE RESOLUTION. (a) The Parties agree that any dispute, disagreement, controversy or claim ("Dispute") between them arising out of or relating to this Agreement or any agreement or document executed by them in connection with this Agreement, including, without limitation, any allegation of default under or breach or violation of any term or provision of this Agreement or such other agreement or document, shall, unless the Parties agree otherwise, be subject to a good faith attempt to resolve the Dispute by mediation in accordance with this Article XI.

(b) Either Party may initiate a mediation proceeding with respect to a Dispute by a request in writing to the other Party. Upon receipt of such a request by either Party, both Parties will be obligated to engage in a mediation. If the Parties have not agreed within 30 days of the request for mediation on the selection of a mediator willing to serve, either Party may inform the Center for Public Resources ("CPR") of the nature of the Dispute and request it to appoint a member of the CPR Panel of Neutrals as the mediator.

(c) In the event of the failure of mediation to settle a Dispute in a manner acceptable to all Parties within 60 days following the engagement of a mediator, then either Party may seek all remedies which may be available to it by law.

(d) The expenses of the mediator and CPR shall be borne equally by the Buyer and Parent and the Sellers.

ARTICLE XII
TERMINATION OF AGREEMENT

12.1 TERMINATION OF AGREEMENT. Anything herein to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

(a) by Buyer and Parent if Sellers' representations or warranties hereunder are not true and correct in all material respects or Sellers have failed to perform in any material respect any of its covenants or obligations hereunder, and such material breach or failure has not been cured or corrected by Sellers as provided in Section 12.3;

(b) by Seller if Buyer's and Parent's representations or warranties hereunder are not true and correct in all material respects or Buyer and Parent have failed to perform in any material respect any of its covenants or obligations hereunder, and such material breach or failure has not been cured or corrected by Buyer and Parent as provided in Section 12.3;

(c) by Buyer and Parent, pursuant to the termination right provided in Section 10.1;

(d) by either Party if the other Party becomes insolvent, files a voluntary petition for bankruptcy, becomes a party to any involuntary bankruptcy or receivership proceeding that is not dismissed within 30 days of its filing or commencement or makes an assignment for the benefit of creditors;

(e) by mutual agreement of the Parties; and

(f) by either Party if the Closing does not occur by April 30, 2000; provided, however, that if the Parties have not received FTC approval of the transactions contemplated in this Agreement prior to April 30, 2000, Closing may be delayed by either Party until no later than ten days after receipt of FTC approval, but no later than December 31, 2000;

provided, further, that no Party may exercise any right of termination pursuant to this Agreement if the event giving rise to such termination right directly resulted from the failure by such Party to fulfill any material undertaking or commitment provided for herein that is required to be fulfilled by such Party prior to the Closing.

12.2 PROCEDURE UPON TERMINATION. In order to terminate this Agreement pursuant to Section 12.1 hereof, written notice shall forthwith be given by the Party electing to terminate this Agreement to the other Party and, except as provided by Section 12.3 hereof, if applicable, and

Section 12.4 hereof, this Agreement and the transactions contemplated by this Agreement shall thereupon be terminated and abandoned, without further action by Buyer and Parent or Sellers. If the transactions contemplated by this Agreement are terminated and abandoned as provided herein:

(a) each Party will promptly redeliver to the other Party or certify the destruction of all documents, work papers and other material furnished by such Party relating to the transactions contemplated hereby (including all copies made thereof), whether so obtained before or after the execution hereof; and

(b) all confidential information received by any Party with respect to the other Party or any of its affiliates shall be treated in accordance with the Confidentiality Agreement between the Parties, dated November 4, 1999.

12.3 RIGHT TO CURE. (a) Any termination notice delivered by one Party pursuant to the termination right referenced in Section 12.1(a) or Section 12.1(b) of this Agreement shall be effective only if it specifies in reasonable detail the applicable breach of representation or warranty by Sellers or material undertaking or commitment failed to be fulfilled by the other Party. The other Party shall then have the right for 30 days following receipt of such notice to elect, by written notice to the first Party, to remedy such failure; in such event, this Agreement shall not be terminated, but rather shall remain in force and effect during such 30-day period, so long as the other Party is engaged in a good faith effort to remedy the failure identified by the first Party in its notice and remedy is effected within such 30 days.

(b) Upon receipt from Buyer of a termination notice delivered by Buyer pursuant to the termination right referenced in Section 12.1(c), Sellers shall have the right, for a period of up to 30 days following receipt of such notice of termination, to attempt to cure to the reasonable satisfaction of Buyer the problem or defect identified by Buyer. If Sellers fail to cure or provide for the curing of such problem or defect to the reasonable satisfaction of Buyer, this Agreement shall terminate as of the end of such 30-day period. If Sellers cure or provide for the curing of such problem or defect to the reasonable satisfaction of Buyer, this Agreement shall not be terminated on account of such problem or defect and Buyer and Parent shall be deemed to have waived any rights hereunder against Sellers, and Sellers shall have no liability to Buyer or Parent, as a result of such problem or defect.

12.4 SPECIFIC PERFORMANCE. Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific Terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the subject matter of this Agreement, in addition to any other remedy to which it may be entitled, at law or in equity.

ARTICLE XIII
TAXES -PRORATIONS AND ADJUSTMENTS

13.1 PRORATION. Proration of the following items relating to the Sale Property will be made as of the Closing Date on the basis of the number of days before and after the Closing Date that are included in the period, with all such items attributable to any period prior to and including the Closing Date being for the sole account of Sellers and all such items attributable to any period after the Closing Date being for the sole account of Buyer:

(a) water taxes on or with respect to the Sale Property (there will be an initial proration of such taxes, if necessary, based on the most recent tax bills plus or minus any increase or decrease known as of the Closing Date and a final proration based on the actual tax bills relating thereto; such final proration and remittance of any balance due shall be accomplished between Buyer, Parent and Sellers promptly following receipt of the actual tax bills and determination of amounts owed);

(b) personal property, ad valorem and real estate taxes on or with respect to the Sale Property (such taxes will be prorated based on the most recent tax bills, plus or minus any increase or decrease known as of the Closing Date and a final proration based on the actual bills relating thereto; the owner of record on the assessment date shall file all required reports and returns and shall pay all such taxes due with respect to the tax period within which the Closing Date occurs; if AAP is the owner of record on the assessment date, then Buyer shall pay its prorated portion of taxes within 30 days after receipt of AAP's invoice therefor; if Buyer is the owner of record on the assessment date, AAP shall pay its prorated portion of taxes within 30 days after receipt of Buyer's invoice therefor);

(c) the amount of rents and charges for water, sewer, telephone, electricity and other utilities and fuel;

(d) such other amounts and charges as are normally subject to proration between a buyer and a seller of real and personal property interests such as rents, fees and other amounts paid by or to AAP under any lease or other contract or arrangement covering the Sale Property; and

(e) annual permits and/or inspection fees.

All refunds, credits, debits and liabilities for taxes attributable to the Sellers' interest in the Sale Property for periods prior to and including the Closing Date shall be the sole property and entitlement or detriment of Sellers, and to the extent received or incurred by Buyer or Parent after the Closing Date, Buyer and Parent shall fully disclose, account for, and except as otherwise provided for herein, remit same to or receive same from Sellers promptly. Sellers, Buyer and Parent shall furnish each other with such documents and other records as shall be reasonably requested in order to confirm all proration calculations.

13.2 DEPOSITS. All deposits and prepayments which AAP has made in respect of the operation of the Sale Property as of the Closing Date and which can be transferred to Buyer shall be purchased at their face amounts by Buyer from Sellers on the Closing Date. The amount and nature

of such deposits as of the date hereof are set forth in Exhibit 13.2. Prior to the Closing Date, Exhibit 13.2 shall be revised by Sellers to reflect the amount of such deposits as of the Closing Date.

13.3 SALES TAXES. The Purchase Price provided for hereunder excludes any sales, use, transfer or other taxes required to be paid to any state or other taxing authority in connection with the sale and transfer of property pursuant to this Agreement; however, in the event any taxing authority deems any such tax, fee or levy imposed on or assessed against the transfer of the Sale Property to Buyer under this Agreement, Buyer shall be liable and responsible for timely payment thereof and shall indemnify and hold Sellers harmless with respect to the payment of any such taxes, fees or levies, including any interest or penalties assessed thereon. Buyer shall also pay all fees for recording all instruments of conveyance or applications for permits or licenses or the transfer thereof relating to the transfer of the interests included in the Sale Property.

13.4 COOPERATION. Each Party shall provide the other Party with reasonable access to all relevant documents, data and other information which may be required by the other Party for the purpose of preparing tax returns and responding to any audit by any taxing jurisdiction. Each Party shall cooperate with all reasonable requests of the other Party made in connection with determining or contesting tax liabilities attributable to the Sale Property. Notwithstanding anything to the contrary contained in this Agreement, neither Party to this Agreement shall be required at any time to disclose to the other Party any tax returns or other confidential tax information.

13.5 DOCUMENT RETENTION. (a) (i) Within 120 days after Closing, Sellers shall turn over to Buyer at AAP's offices the originals (or copies where originals are not available) of the following types of records and information relating to the Sale Property, in each case to the extent same are reasonably necessary for the ownership of the Pipeline System by Buyer: maps, alignment sheets, drawings, photographs, videotapes, studies, analyses, assessments, reports, operating records and data, leak and spill reports, upset reports, information and data on hard drives in the form of computer tapes and disks, correspondence, inventory records, test records, delivery tickets, and any other letters, memos, instruments, contracts, leases, right-of-way grants, permits, and documents which evidence or memorialize the business and operations of the Pipeline System. However, if a right-of-way grant would contain a pipeline which is part of the Pipeline System and a pipeline which will be retained by AAP, AAP shall retain the original of such right-of-way grant and shall at its own expense provide a copy of the entire file for such right-of-way grant to Buyer. Sellers and Buyer agree to cooperate with each other and act in good faith in connection with the turnover of records and information pursuant to this Section 13.5.

(ii) Subject to the provisions of 13.5(b), Buyer and Parent agree that all books and records delivered to Buyer and Parent by Sellers pursuant to the provisions of this Agreement shall be open for inspection by representatives of Sellers at reasonable times and upon reasonable notice during regular business hours following the Closing Date for such period as may be required by law or governmental regulation, and that Sellers may during such period at its expense make such copies thereof as it may reasonably request; provided, however, that Buyer and Parent may condition Sellers' access to such books and records upon the adequate protection of information concerning Buyer's post-Closing affairs. Sellers agree that such documents and materials as shall be retained by Sellers shall be open

for inspection by Buyer and Parent, provided such inspection is related to the Sale Property, or the conduct of business or the operation of the Sale Property at reasonable times and upon reasonable notice during regular business hours for such period following the Closing Date as may be required by law or governmental regulation, and that Buyer and Parent may during such period at its expense make such copies thereof as it may reasonably request.

(b) From and after the Closing Date, Sellers and Buyer and Parent each shall use its reasonable efforts to afford the other access to its employees who are familiar with the operations of the Sale Property for proper corporate purposes, including, without limitation, the defense of legal proceedings. Such access may include interviews or attendance at depositions or legal proceedings; provided, however, that in any event all expenses (including wages and salaries) reasonably incurred by either Party in connection with this Section 13.5(b) shall be paid or promptly reimbursed by the Party requesting such services.

13.6 PAYABLES. Notwithstanding the Closing and except to the extent covered by Sections 13.1 through 13.3, all of the accounts payable due to third parities by AAP based upon its ownership or operation of the Pipeline System through the Closing Date shall be paid and borne by AAP.

ARTICLE XIV
INDEPENDENT INVESTIGATION AND DISCLAIMER

14.1 INVESTIGATION OF BOOKS AND RECORDS. Each of Buyer and Parent acknowledge that (a) it has had or, assuming Sellers comply with their obligations set forth in Section 5.3(a), will have prior to the Closing, access to the Sale Property, the books and records relating thereto and the officers and employees of Sellers and (b) in making the decision to enter into this Agreement and consummate the transactions contemplated hereby, it has relied solely on the basis of its own independent investigation and examination of the Sale Property itself, such books and records, and the express representations, warranties, covenants and agreements of Sellers set forth in this Agreement.

14.2 INVESTIGATION OF ENVIRONMENTAL CONDITIONS. Except as limited pursuant to the terms of Section 5.8, Buyer and Parent acknowledge that (a) it has had, or, assuming Sellers comply with Section 5.3, prior to the Closing Date will have had, access to and an opportunity to inspect the Sale Property for all purposes, including, without limitation, for the purposes of detecting the presence of hazardous or toxic substances, environmental hazards as other contamination or pollution, (b) it has, or prior to the Closing Date will have, satisfied itself as to the physical and environmental condition of the Sale Property and, except as specifically set forth in this Agreement, agrees that the assignment of the Sale Property on the Closing Date shall be on an "AS IS, WHERE IS, WITH ALL FAULTS" basis, and (c) in making the decision to enter into this Agreement and consummate the transactions contemplated hereby, Buyer and Parent have relied solely on its own independent investigation of the Sale Property, the records and environmental reports related thereto and the express representations, warranties and covenants and agreements of Sellers in this Agreement. AAP MAKES NO, AND EXPRESSLY DISCLAIMS AND NEGATES ANY, REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY TESTS, EVALUATIONS OR REPORTS CONDUCTED OR

PREPARED BY OR ON BEHALF OF AAP PERTAINING TO THE ENVIRONMENTAL CONDITION OF THE SALE PROPERTY.

14.3 FURTHER DISCLAIMER. Buyer and Parent further acknowledge that, except as expressly set forth in this Agreement, Sellers have not made, AND HEREBY EXPRESSLY DISCLAIM AND NEGATE, ANY REPRESENTATION OR WARRANTY, EXPRESSED, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (I) THE CONDITION OF THE SALE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED OR EXPRESSED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, OR ENVIRONMENTAL CONDITION), (II) THE ACCURACY OR COMPLETENESS OF EXHIBIT E HERETO, AND (III) ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) PREVIOUSLY OR HEREAFTER FURNISHED TO BUYER BY OR ON BEHALF OF AAP; AND BUYER WILL HAVE SOLE RESPONSIBILITY FOR ANY ACTION TAKEN BY BUYER, OR BY OTHERS RELYING ON BUYER'S ADVICE, IN RELIANCE ON SUCH INFORMATION, DATA OR MATERIALS. As used in the disclaimer provisions of this Article XIV, "Sellers" shall include the general partner of Sellers as well as Sellers' agents, representatives and consultants.

ARTICLE XV
MISCELLANEOUS

15.1 NO BROKERS. Each Party represents and warrants to the other that there are no claims for brokerage commissions or finders' fees or other like payments owed by such Party to another person or entity in connection with the transactions contemplated by this Agreement. Each Party will pay or discharge, and will indemnify and hold harmless the other from and against, any and all claims for brokerage commissions or finders' fees incurred by reason of any action taken by such indemnifying Party.

15.2 EXPENSES; TAXES. Except as otherwise provided herein, each Party will pay all fees and expenses incurred by it in connection with this Agreement and the consummation of the transactions contemplated hereby.

15.3 FURTHER ASSURANCES. Each Party will from time to time after the Closing and without further consideration, upon the request of the other Party, execute and deliver such documents and take such actions as the other Party may reasonably request in order to consummate more effectively the transactions contemplated hereby.

15.4 ASSIGNMENT; PARTIES IN INTEREST. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties; provided that neither Party may transfer or assign any of its rights or obligations hereunder or any interest herein without the prior written consent of the other Party; and provided further that the assignment by either Party of its rights under this Agreement to a corporate subsidiary or affiliate of the Party (including assignment to the Parent in the case of the Buyer) shall be a permitted assignment for the purposes of this Section, but no such assignment shall relieve the assigning Party

of its obligations hereunder; and provided further that in the case of an assignment by Buyer to Parent, the Parent will assume Buyer's obligations under this Agreement.

15.5 ENTIRE AGREEMENT; AMENDMENTS. This Agreement, including the exhibits and any agreements delivered pursuant hereto, contains the entire understanding of the Parties with respect to the matters addressed by their terms. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein. This Agreement and such other agreements supersede all prior agreements and undertakings between the Parties with respect to the subject matter hereof and thereof, except to the extent any such prior agreement is specifically referred to herein. This Agreement may be amended or modified only by a written instrument duly executed by each of the Parties. Unless otherwise provided herein, any condition to a Party's obligations hereunder may be waived only in writing by such Party.

15.6 SEVERABILITY. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, unless the deletion of such provision or provisions would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

15.7 INTERPRETATION. The article and section headings are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15.8 NOTICES. Notices and other communications provided for herein shall be in writing (which shall include notice by telex or facsimile machine with answer back capability) and shall be delivered or mailed (or if by telex, graphic scanning or other facsimile communications equipment of the sending Party hereto, delivered by such equipment provided that such delivery is made during normal business hours), addressed as follows:

(a) If to Buyer or Parent:

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978-1492
Fax No.: (915) 496-5008
Attention: Patricia A. Shelton

with a copy (which shall not constitute notice) to:

Gary Paul Cooperstein, Esq.
Fried, Frank, Harris Shriver & Jacobson
One New York Plaza
New York, New York 10004-1980
FAX: 212 859 4000

(b) If to Sellers

Plains All American Pipeline, L.P.
333 Clay Street, Suite 2900
Houston, Texas 77002
Fax No.: (713) 646-4216
Attention: Harry N. Pefanis

All American Pipeline, L.P.
333 Clay Street, Suite 2900
Houston, Texas 77002
Fax No.: (713) 646-4216
Attention: Harry N. Pefanis

with a copy (which shall not constitute notice) to:

David P. Oelman, Esq.
Andrews & Kurth L.L.P.
600 Travis, Suite 4200
Houston, Texas 77002
FAX: (713) 238-7242

or to such other address as the person to whom notice is to be given may have previously furnished to the other in writing in the manner set forth above; provided, however, that any notice of change of address shall not be deemed to have been given to any Party until actually received by such Party.

15.9 WAIVER OF RESCISSION. Anything herein to the contrary notwithstanding, no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of either Party after the consummation of the Closing to rescind this Agreement or any of the transactions contemplated hereby.

15.10 DTPA WAIVER. Except as otherwise provided herein, Buyer and Parent hereby waive the provisions of the Texas Deceptive Trade Practices Act, Chapter 17, Subchapter E, Section 17.41 through 17.63, inclusive (other than Section 17.555, which is not waived), of the Texas Business and Commerce Code. To evidence its ability to grant such waiver, Buyer and Parent hereby represent and warrant to Sellers that they (a) are in the business of seeking or acquiring, by purchase or lease, goods or services for commercial or business use, (b) have assets of $5 million or more according to its most recent financial statement prepared in accordance with generally accepted accounting principles, (c) have knowledge and experience in financial and business matters that enable it to evaluate the merits and risks of the transaction contemplated hereby, and (d) are not in a significantly disparate bargaining position from the position of Sellers.

15.11 GOVERNING LAW. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without regard to any conflict of law rules that would direct application of the laws of another jurisdiction, except to the extent that it is mandatory that the law of some other jurisdiction, wherein the Sale Property is located, shall apply.

15.12 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

15.13 EXHIBITS. All Exhibits attached hereto are hereby made a part of this Agreement and incorporated herein by this reference. Any terms used but not defined in the Exhibits shall have the meanings assigned to such terms in this Agreement.

15.14 SPECIAL DAMAGES. The Parties waive any rights to incidental, consequential or punitive damages resulting from a breach of this Agreement, including, without limitation, loss of profits.

15.15 NO THIRD-PARTY BENEFICIARY. Except as expressly provided herein, this Agreement is not intended to create nor shall it be construed to create, any rights in any third party beneficiaries.

15.16 USE OF AAP'S NAME. As soon as practicable after Closing, Buyer and Parent shall cease to use and shall remove or cause to be removed the names and marks used by AAP and all variations and derivatives thereof and logos relating thereto from the Sale Property and shall not thereafter make any use whatsoever of such names, marks and logos whether as identification for the Sale Property or in connection with documentation and correspondence relating thereto, except as may be necessary to complete the transfer of the Sale Property and any consents related thereto. In the event Buyer and Parent have not completed such removal within 180 days after Closing, Sellers shall have the right but not the obligation to cause such removal and Buyer and Parent shall reimburse Sellers for any costs or expenses incurred by Sellers in connection therewith.

15.17 INTERPRETATION OF CERTAIN TERMS. Whenever a provision of this Agreement makes reference to the manner in which the Sale Property or the Pipeline System is "presently being operated by Sellers" or the "assets and properties presently utilized by Sellers in connection with the operation of the Pipeline System," or uses words or phrases intended to have the same or similar meanings, such references shall be construed to be a reference to the manner in which the Sale Property or the Pipeline System was operated by AAP in November 1999, or the assets and properties that were utilized by AAP at such time in connection with the operation of the Pipeline System, as applicable, in each case taking into account the following factors:

(a) the Pipeline System has heretofore been operated by AAP as a part of a larger system known as AAP's "All American Pipeline" and as a result of the fact that AAP intends to sell a substantial part of such All American Pipeline pursuant to the transaction contemplated by this Agreement, AAP has modified, or will modify prior to Closing, operation of the Pipeline System as necessary to account for the fact that the Pipeline System will be sold pursuant to such transaction and thereafter operated as a separate pipeline system;

(b) that, in connection with such modifications, AAP has entered into agreements for the sale of the crude oil linefill contained in the Pipeline System and that the evacuation of such linefill is currently in process and will be completed prior to Closing;

(c) since November 1999, the makeup of the assets and properties utilized by AAP in connection with the operation of the Pipeline System has changed as a result of the sale, retirement or modification of such assets and properties; and

(d) Buyer is acquiring the Sale Property with the current intention of using such assets for the transportation of natural gas or such use other than crude oil transportation, and all costs, expenses, and risks associated with carrying out such intentions are specifically acknowledged by Buyer to be the sole responsibility and liability of Buyer.

15.18 JOINT FACILITIES. Sellers, Buyer and Parent acknowledge and agree that certain of the assets and properties heretofore utilized by AAP in connection with its operation of the Pipeline System are located on facilities that are also utilized by AAP in connection with its operation of other assets and properties that are not a part of the Pipeline System and which will continue to be operated by AAP following closing. In an effort to clarify the rights and obligations of AAP, Buyer and Parent with respect to such joint facilities, a list of such joint facilities and the agreement between AAP, Buyer and Parent regarding each such facility is set forth below:

(a) with respect to the stations located in Wink, Texas (Wink South and Wink North), AAP shall retain ownership of the real property upon which each such station is located, together with the tankage and related equipment, and shall grant Buyer nonexclusive perpetual easements as may be necessary (i) to permit Buyer to operate the portion of the Pipeline System that runs through such stations, including any necessary equipment and appurtenances related thereto at such stations or (ii) to enjoy its Fiber Optic Rights through such stations, which easements shall be in substantially the form attached hereto as Exhibit 15.18(a)(i);

(b) with respect to any portion of the Rights of Way constituting the Additional Property that are also used in connection with the conduct by AAP of its retained operations, Sellers and Buyer and Parent agree that AAP shall, at Closing, partially assign its rights with respect to such Rights of Way as may be necessary to permit Buyer to enjoy the benefit of the Fiber Optic Rights conveyed to Buyer as the Additional Property, which partial assignment shall be effected pursuant to a form of partial assignment instrument to be negotiated and agreed upon by Sellers, Buyer and Parent prior to Closing (which instrument shall contain terms and conditions that are similar to those contained in the form of Easement Agreement attached hereto as Exhibit 15.18(a)(ii));

(c) with respect to any portion of the Rights of Way that traverse that portion of Cadiz Station, California, which is excluded pursuant to Exhibit F hereto, Sellers, Buyer and Parent agree that AAP shall, at Closing, grant to Buyer nonexclusive perpetual easements as may be necessary to permit Buyer to operate that portion of the Pipeline System that runs through such excluded part of the station, or to enjoy its Fiber Optic Rights through such property, which easement shall be in substantially the form attached hereto as Exhibit 15.18(a)(i);

(d) with respect to any Fiber Optic Rights which run through Emidio Station, California, Sellers, Buyer and Parent agree that AAP shall, at Closing, grant to Buyer nonexclusive perpetual easements as may be necessary to permit Buyer to enjoy its Fiber Optic Rights through such property, which easement shall be in substantially the form attached hereto as Exhibit 15.18(a)(i);

(e) In the event Buyer requires access to Sellers' property in connection with the use of the Fiber Optic Rights identified on Exhibit E, Buyer will submit plan specifications and a time line to Sellers. The information submitted by Buyer will include the anticipated length of time that Buyer will need access to portions of Seller's property and identify the property to which the Buyer requires access. Sellers may require Buyer to provide Sellers reasonable written notice for access to Sellers' property, so that Sellers may have a monitor present, at their sole expense, if they so desire. Sellers agree to cooperate in good faith with Buyer in coordinating Buyer's access to Sellers' property in connection with the use of the Fiber Optic Rights identified on Exhibit E; and

(f) with respect to each of the agreements referenced in subparagraphs (a)-(d) preceding, on or before the Closing Date, Sellers, Buyer and Parent agree to cause the exhibits attached hereto to be amended as necessary to give effect to such agreements.

15.19 CONFLICT WITH ASSIGNMENT. Sellers, Buyer and Parent acknowledge and agree that in the event of any conflict or inconsistency between the terms and provisions of this Agreement and the terms and provisions of the Conveyance Agreements to be executed and delivered at Closing by Sellers and Buyer, the terms and provisions of this Agreement shall control; provided, however, that in the event of any conflict or inconsistency between any of the indemnification provisions set forth in Article IX of this Agreement and the indemnification provisions set forth in the joint facility agreements referenced in Section 15.18, the indemnification provisions set forth in such joint facility agreements shall control.

15.20 PAA OBLIGATIONS. All obligations undertaken hereunder shall be binding on the Plains Parties, but specifically excluding Plains Scurlock Permian, L.P. and Plains Resources Inc., and its subsidiaries other than the Plains Parties.

15.21 SURVIVAL. The following Articles shall survive the termination of this Agreement: Article XII and Article XV.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth in the first paragraph hereof.

PAA

PLAINS ALL AMERICAN PIPELINE, L.P.

By: Plains All American, Inc., its general partner

By: /s/ Greg L. Armstrong

Name: Greg L. Armstrong

Title: Chief Executive Officer

AAP

ALL AMERICAN PIPELINE, L.P.

By: Plains All American, Inc., its general partner

By: /s/ Greg L. Armstrong

Name: Greg L. Armstrong

Title: Chief Executive Officer

EL PASO NATURAL GAS COMPANY

By: /s/ Patricia A. Shelton

Name: Patricia A. Shelton

Title: President

EPNG PIPELINE COMPANY

By: /s/ Patricia A. Shelton

Name: Patricia A. Shelton

Title: President

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-91141) of Plains All American Pipeline, L.P. of our report dated March 29, 2000, relating to the financial statements which appear in this Form 10-K.

PricewaterhouseCoopers L.L.P

Houston, Texas
March 29, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PLAINS ALL AMERICAN PIPELINE, L.P. CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1999 AND CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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PLAINS ALL AMERICAN PIPELINE, L.P.

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DEC-31-1999
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