Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2002

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.)**

333 Clay Street, Suite 1600
Houston, Texas 77002
(Address of principal executive offices)
(Zip Code)

(713) 646-4100
(Registrant's telephone number, including area code)

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

At November 4, 2002, there were outstanding 38,240,939 Common Units, 1,307,190 Class B Common Units and 10,029,619 Subordinated Units.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	September 30, 2002	December 31, 2001
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,306	$ 3,511
Accounts receivable and other current assets	496,857	365,697
Inventory	81,189	188,874
Total current assets	582,352	558,082
PROPERTY AND EQUIPMENT	1,012,814	653,050
Less allowance for depreciation and amortization	(67,900)	(48,131)
	944,914	604,919
OTHER ASSETS		
Pipeline linefill	51,416	57,367
Other, net	52,808	40,883
	104,224	98,250
	$ 1,631,490	$ 1,261,251
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	$ 468,988	$ 386,993
Due to related parties	25,580	13,685
Short-term debt	105,577	101,482
Total current liabilities	600,145	502,160
LONG-TERM LIABILITIES		
Long-term debt under credit facilities	309,453	354,677
Senior notes, net of unamortized discount of $400	199,600	—
Other long-term liabilities and deferred credits	4,317	1,617
Total liabilities	1,113,515	858,454
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
PARTNERS' CAPITAL		
Common unitholders (38,240,939 and 31,915,939 units outstanding at September 30, 2002, and December 31, 2001, respectively)	529,488	408,562
Class B common unitholders (1,307,190 units outstanding at each date)	18,621	19,534
Subordinated unitholders (10,029,619 units outstanding at each date)	(45,900)	(38,891)
General partner	15,766	13,592
Total partners' capital	517,975	402,797
	$ 1,631,490	$ 1,261,251

The accompanying notes are an integral part of these consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(unaudited)			
REVENUES	$ 2,344,089	$ 2,191,310	$ 5,874,759	$ 5,298,051
COST OF SALES AND OPERATIONS	2,299,823	2,151,666	5,750,398	5,189,288
Gross Margin	44,266	39,644	124,361	108,763
EXPENSES				
General and administrative	11,512	10,297	33,389	34,327
Depreciation and amortization	8,981	6,402	23,125	17,575
Total expenses	20,493	16,699	56,514	51,902
OPERATING INCOME	23,773	22,945	67,847	56,861
Interest expense	(7,368)	(7,775)	(20,175)	(22,482)
Interest and other income (expense)	(88)	(9)	(123)	356
Income before cumulative effect of accounting change	16,317	15,161	47,549	34,735
Cumulative effect of accounting change	—	—	—	508
NET INCOME	$ 16,317	$ 15,161	$ 47,549	$ 35,243
NET INCOME—LIMITED PARTNERS	$ 15,159	$ 14,536	$ 44,515	$ 34,019
NET INCOME—GENERAL PARTNER	$ 1,158	$ 625	$ 3,034	$ 1,224
BASIC AND DILUTED NET INCOME PER LIMITED PARTNER UNIT				
Income before cumulative effect of accounting change	$ 0.33	$ 0.38	$ 1.01	$ 0.93
Cumulative effect of accounting change	—	—	—	0.01
Net income	$ 0.33	$ 0.38	$ 1.01	$ 0.94
WEIGHTED AVERAGE UNITS OUTSTANDING	46,027	38,353	44,188	36,156

The accompanying notes are an integral part of these consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30,	
	2002	2001
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 47,549	$ 35,243
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,125	17,575
Cumulative effect of accounting change	—	(508)
Change in derivative fair value	2,130	(774)
Noncash compensation expense	—	5,741
Change in assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable and other current assets	(129,930)	(189,490)
Inventory	104,664	(8,037)
Accounts payable and other current liabilities	67,954	149,408
Due to related parties	11,895	(3,679)
Net cash provided by operating activities	127,387	5,479
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid in connection with acquisitions	(323,786)	(209,264)
Additions to property and equipment	(27,445)	(13,804)
Proceeds from sales of assets	1,390	1,808
Net cash used in investing activities	(349,841)	(221,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	1,122,346	1,655,475
Proceeds from short-term debt	411,350	258,655
Principal payments of long-term debt	(1,167,659)	(1,537,935)
Principal payments of short-term debt	(410,598)	(202,555)
Cash paid in connection with financing arrangements	(11,721)	(10,649)
Proceeds from the issuance of common units	151,671	106,209
Proceeds from the issuance of senior unsecured notes	199,600	—
Distributions paid to unitholders and general partner	(71,642)	(52,981)
Net cash provided by financing activities	223,347	216,219
Effect of translation adjustment on cash	(98)	—
Net increase in cash and cash equivalents	795	438
Cash and cash equivalents, beginning of period	3,511	3,426
Cash and cash equivalents, end of period	$ 4,306	$ 3,864

The accompanying notes are an integral part of these consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(in thousands)

	Common Units		Class B Common Units		Subordinated Units		General Partner Amount	Total Partners' Capital Amount
	Units	Amount	Units	Amount	Units	Amount		
				(unaudited)				
Balance at December 31, 2001	31,916	$408,562	1,307	$19,534	10,030	$(38,891)	$13,592	$402,797
Issuance of common units	6,325	142,013	—	—	—	—	3,033	145,046
Distributions	—	(50,267)	—	(2,059)	—	(15,797)	(3,519)	(71,642)
Accumulated other comprehensive income	—	(4,030)	—	(158)	—	(1,213)	(374)	(5,775)
Net income	—	33,210	—	1,304	—	10,001	3,034	47,549
Balance at September 30, 2002	38,241	$529,488	1,307	$18,621	10,030	$(45,900)	$15,766	$517,975

The accompanying notes are an integral part of these consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

(in thousands)

Statements of Comprehensive Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(unaudited)			
Net income	$ 16,317	$ 15,161	$ 47,549	$ 35,243
Other comprehensive income	(16,723)	(5,398)	(5,775)	(11,236)
Total comprehensive income	$ (406)	$ 9,763	$ 41,774	$ 24,007

Statement of Changes in Accumulated Other Comprehensive Income

	Net Deferred Loss on Derivative Instruments	Currency Translation Adjustments	Total
		(unaudited)	
Beginning balance at December 31, 2001	$ (4,740)	$ (8,002)	$ (12,742)
Current year activity			
Reclassification adjustments for settled contracts	3,185	—	3,185
Changes in fair value of outstanding hedge positions	(9,531)	—	(9,531)
Currency translation adjustment	—	571	571
Total current year activity	(6,346)	571	(5,775)
Ending balance at September 30, 2002	$ (11,086)	$ (7,431)	$ (18,517)

The accompanying notes are an integral part of these consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Note 1—Organization and Accounting Policies

We are a Delaware limited partnership formed in September of 1998. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the midstream crude oil business and assets of Plains Resources Inc. and its midstream subsidiaries. The term "Partnership" herein refers to Plains All American Pipeline, L.P. and its affiliated operating partnerships. Our operations are conducted directly and indirectly through Plains Marketing, L.P., All American Pipeline, L.P. and Plains Marketing Canada, L.P. We are engaged in interstate and intrastate crude oil pipeline transportation as well as gathering, marketing, terminalling and storage of crude oil and liquefied petroleum gas ("LPG"). We own an extensive network in the United States and Canada of pipeline transportation, storage and gathering assets in key oil producing basins and at major market hubs. Our operations are conducted primarily in Texas, California, Oklahoma, Louisiana and the Canadian provinces of Alberta and Saskatchewan.

The accompanying financial statements and related notes present our consolidated financial position as of September 30, 2002, and December 31, 2001, the results of our operations for the three and nine months ended September 30, 2002 and 2001, cash flows for the nine months ended September 30, 2002 and 2001, changes in partners' capital for the nine months ended September 30, 2002, total comprehensive income for the three and nine months ended September 30, 2002 and 2001, and changes in accumulated other comprehensive income for the nine months ended September 30, 2002. The financial statements have been prepared in accordance with the instructions to interim reporting as prescribed by the Securities and Exchange Commission. All adjustments, consisting only of normal recurring adjustments, that in the opinion of management were necessary for a fair statement of the results for the interim periods, have been reflected. All significant intercompany transactions have been eliminated. Certain reclassifications are made to prior period amounts to conform to current period presentation. The results of operations for the three and nine months ended September 30, 2002, should not be taken as indicative of the results to be expected for the full year. The interim financial statements should be read in conjunction with our consolidated financial statements and notes thereto presented in our 2001 Annual Report on Form 10-K.

Note 2—Derivative Instruments and Hedging Activities

We utilize various derivative instruments to (i) manage our exposure to commodity price risk, (ii) engage in a controlled trading program, (iii) manage our exposure to interest rate risk and (iv) manage our exposure to currency exchange rate risk. Our risk management policies and procedures are designed to monitor interest rates, foreign exchange rates, NYMEX and over-the-counter positions, and physical volumes, grades, locations and delivery schedules to ensure that our hedging activities are implemented in accordance with such policies. We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking the hedge. We calculate hedge effectiveness on a quarterly basis. This process includes specific identification of the hedging instrument and the hedged transaction, the nature of the risk being hedged and how the hedging instrument's effectiveness will be assessed. Both at the inception of the hedge and on an ongoing basis, we assess whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Commodity Price Risk Hedging

We hedge our exposure to price fluctuations with respect to crude oil and LPG in storage, and expected purchases, sales and transportation of these commodities. The derivative instruments utilized consist primarily of futures and option contracts traded on the New York Mercantile Exchange and over-the-counter transactions, including crude oil swap and option contracts entered into with financial institutions and other energy companies (see Note 6 for a discussion of the mitigation of credit risk). In accordance with Statement of Financial

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities," these derivative instruments are recognized in the balance sheet or earnings at their fair values. Changes in fair value are included in the current period for (i) derivatives characterized as fair value hedges, (ii) derivatives that do not qualify for hedge accounting and (iii) the portion of cash flow hedges that is not highly effective in offsetting changes in cash flows of hedged items. The amount included in earnings related to our commodity price risk activities for the nine months ended September 30, 2002, was a $2.1 million loss. The effective portion of changes in fair values of derivatives that qualify as cash flow hedges is recorded in Other Comprehensive Income ("OCI"). At September 30, 2002, there was a $0.4 million loss deferred in OCI related to our commodity price risk activities. The majority of our commodity price risk derivative instruments qualify for hedge accounting as cash flow hedges and thus the corresponding changes in fair value for the effective portion of the hedge are recognized in revenues or cost of sales and operations in the periods during which the underlying physical transactions occur. We have determined that our physical purchase and sale agreements qualify for the normal purchase and sale exclusion and thus are not subject to SFAS 133.

Controlled Trading Program

As a result of production and delivery variances associated with our lease purchase activities, from time to time we experience net unbalanced positions. In connection with managing these positions and maintaining a constant presence in the marketplace, both necessary for our core business, we engage in a controlled trading program for up to 500,000 barrels. This activity is monitored independently by our risk management function and must take place within predefined limits and authorizations. We record this activity at fair value in accordance with Emerging Issues Task Force ("EITF") Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" (see Note 9). EITF 98-10 requires energy trading contracts to be recorded at fair value on the balance sheet, with the changes in fair value recorded net in revenues. Although there were no open positions under this program at September 30, 2002, the realized earnings impact related to these derivatives for the nine months ended September 30, 2002, was a loss of $0.3 million.

Interest Rate Risk Hedging

We also utilize interest rate swaps and collars to hedge interest obligations on specific debt issuances. At September 30, 2002, we had interest rate swaps for an aggregate notional principal amount of $150.0 million. These instruments are based on LIBOR rates and provide for a LIBOR rate of 3.6% for a $100.0 million notional principal amount expiring September 2003, and a LIBOR rate of 4.3% for a $50.0 million notional principal amount expiring March 2004. Interest on the actual debt is based on LIBOR plus a margin. In anticipation of the issuance of our 7.75% senior notes due October 2012 and potential subsequent add-on thereto, in July 2002, we entered into a treasury lock on a $100 million principal amount with an effective interest rate of 4.51% and maturing on November 22, 2002. A treasury lock is a financial derivative instrument that enables the company to lock in the U.S. Treasury Note rate. In October 2002, the LIBOR swaps expiring in September 2003 and half of the treasury lock were consolidated into a $50 million LIBOR swap maturing in October 2006 at a rate of 5.05%. All of the financial instruments utilized are placed with large creditworthy financial institutions. These instruments qualify for hedge accounting as cash flow hedges in accordance with SFAS 133. The effective portion of changes in fair values of these hedges is recorded in OCI until the related hedged item impacts earnings. At September 30, 2002, there was a $10.9 million loss deferred in OCI related to our interest rate risk activities.

Currency Exchange Rate Risk Hedging

Since substantially all of our Canadian business is conducted in Canadian dollars (CAD), we use certain financial instruments to minimize the risks of unfavorable changes in exchange rates. At September 30, 2002, we

had forward exchange contracts and forward extra option contracts that allow us to exchange $3.0 million Canadian for at least $1.9 million U. S. quarterly during 2002 and 2003 (based on a Canadian-U.S. dollar exchange rate of 1.54). At September 30, 2002, we also had a cross currency swap contract for an aggregate notional principal amount of $24.8 million, effectively converting this amount of our $99.0 million senior secured term loan (25% of the total) from U.S. dollars to $38.3 million of Canadian dollar debt (based on a Canadian-U.S. dollar exchange rate of 1.55). The terms of this contract mirror the term loan, matching the amortization schedule and final maturity in May 2006. Additionally, at September 30, 2002, $2.0 million of our long-term debt was denominated in Canadian dollars ($3.1 million CAD based on a Canadian-U.S. dollar exchange rate of 1.59). All of these financial instruments are placed with large creditworthy financial institutions. The forward exchange contracts and forward extra option contracts qualify for hedge accounting as cash flow hedges and the cross currency swaps qualify for hedge accounting as fair value hedges, both in accordance with SFAS 133. Such derivative activity resulted in a gain of $0.2 million deferred in OCI related to our currency exchange rate cash flow hedges. The earnings impact related to our currency exchange rate fair value hedges was nominal.

Summary of Financial Impact

The following is a summary of the financial impact of the derivative instruments and hedging activities discussed above. The September 30, 2002, balance sheet includes a $11.1 million unrealized loss in OCI, related assets of $6.3 million ($4.7 million current) and related liabilities of $18.8 million ($16.0 million current). Revenues for the nine months ended September 30, 2002, included a noncash loss of $2.1 million ($1.4 million noncash loss net of the reversal of the prior period fair value adjustment related to contracts that settled during the current period). Our hedge-related assets and liabilities are included in other current and non-current assets and liabilities in the consolidated balance sheet.

As of September 30, 2002, the total amount of deferred net losses recorded in OCI are expected to be reclassified to future earnings, contemporaneously with the related physical purchase or delivery of the underlying commodity or payments of interest. During the nine months ended September 30, 2002, no amounts were reclassified to earnings from OCI in connection with forecasted transactions that were no longer considered probable of occurring. Based on the amounts deferred to OCI at September 30, 2002, a loss of $9.5 million will be reclassified to earnings in the next twelve months and the remainder by 2004. Since these amounts are based on market prices at the current period end, actual amounts to be reclassified will differ and could vary materially as a result of changes in market conditions.

Note 3—Acquisitions

On August 1, 2002, we acquired interests in approximately 2,000 miles of gathering and mainline crude oil pipelines and approximately 8.7 million barrels (net to our interest) of above-ground crude oil terminalling and storage assets in West Texas from Shell Pipeline Company LP and Equilon Enterprises LLC (the “Shell acquisition”). The results of operations and assets from this acquisition have been included in our consolidated financial statements and in our pipeline operations segment since that date (see Note 7). The primary assets included in the transaction are interests in the Basin Pipeline System, the Permian Basin Gathering System and the Rancho Pipeline System. These assets complement our existing asset infrastructure in West Texas and represent a transportation link to Cushing, Oklahoma, where we are a provider of storage and terminalling services. The total purchase price of $322.7 million consisted of (i) $304.0 million in cash, which was borrowed under our revolving credit facility, (ii) approximately $9.1 million related to the settlement of pre-existing accounts receivable and inventory balances and (iii) approximately $9.6 million of estimated transaction and closing costs. The entire purchase price was allocated to Property and Equipment. We are in the process of evaluating certain estimates made in the purchase price allocation; thus, the allocation is subject to refinement.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

The following unaudited pro forma data is presented to show pro forma revenues, net income and basic and diluted net income per limited partner unit for the Partnership as if the Shell acquisition had occurred on January 1, 2001 (in millions, except for per unit amounts):

	Nine Months Ended September 30,	
	2002	2001
Revenues	$ 5,900.9	$ 5,342.5
Income before cumulative effect of accounting change	$ 46.9	$ 37.3
Net income	$ 46.9	$ 37.9
Basic and diluted income before cumulative effect of accounting change per limited partner unit	$ 0.99	$ 1.00
Basic and diluted net income per limited partner unit	$ 0.99	$ 1.01

Note 4—Credit Facilities and Long-term Debt

During September 2002, we completed the sale of $200 million of 7.75% senior notes due in October 2012. The notes were issued by Plains All American Pipeline, L.P. and a 100% owned finance subsidiary (neither of which have independent assets or operations) at a discount of $0.4 million, resulting in an effective interest rate of 7.78%. Interest payments are due on April 15 and October 15 of each year. The notes are fully and unconditionally guaranteed, jointly and severally, by all of our existing 100% owned subsidiaries, except for subsidiaries which are minor.

As amended in July 2002 and giving effect to the third quarter capital raising activities, our credit facilities consist of a $350.0 million senior secured letter of credit and hedged inventory facility (with current lender commitments totaling $200.0 million), and a $747.0 million senior secured revolving credit and term loan facility, each of which is secured by substantially all of our assets. The terms of our credit facilities enable us to expand the size of the letter of credit and hedged inventory facility from $200.0 million to $350.0 million without additional approval from existing lenders. The revolving credit and term loan facility consists of a $420.0 million domestic revolving facility (with a $10.0 million letter of credit sublimit), a $30.0 million Canadian revolving facility (with a $5.0 million letter of credit sublimit), a $99.0 million term loan, and a $198.0 million term B loan.

The facilities have final maturities as follows:

- as to the $350.0 million senior secured letter of credit and hedged inventory facility and the aggregate $450.0 million domestic and Canadian revolver portions, in April 2005;
- as to the $99.0 million term loan, in May 2006; and
- as to the $198.0 million term B loan, in September 2007.

The financial covenants of these credit facilities require us to maintain:

- a current ratio (as defined) of at least 1.0 to 1.0;
- a debt coverage ratio which will not be greater than: 5.25 to 1.0 on unsecured debt and 4.0 to 1.0 on secured debt;

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

- an interest coverage ratio that is not less than 2.75 to 1.0; and
- a debt to capital ratio of not greater than 0.7 to 1.0 through March 30, 2003, and 0.65 to 1.0 at any time thereafter.

The combined domestic and Canadian revolving facility had approximately $12 million outstanding at September 30, 2002. In addition, we have classified $9 million of term loan payments due in 2003 as long term due to our intent and ability to refinance those maturities using the revolving facility.

For covenant compliance purposes, letters of credit and borrowings under the letter of credit and hedged inventory facility are excluded when calculating the debt coverage ratio. We are currently in compliance with the covenants contained in our credit agreements.

The amended facility permits us to issue up to an aggregate $400 million of senior unsecured debt having a maturity beyond the final maturity of the existing credit facility, and provides a mechanism to reduce the amount of the domestic revolving credit facility. The foregoing description of the credit facility incorporates the reduction associated with the $200 million senior note offering completed in September 2002. Depending on the amount of additional senior indebtedness incurred, the domestic revolving credit facility will be reduced by an amount equating to 40% to 63% of any incremental indebtedness up to the aggregate $400 million limitation.

Note 5—Partners' Capital and Distributions

In August 2002, we completed a public offering of 6,325,000 common units for $23.50 per unit. The offering resulted in cash proceeds of approximately $148.6 million from the sale of the units and approximately $3.0 million from our general partner's proportionate capital contribution. Total costs associated with the offering, including underwriter fees and other expenses, were approximately $6.6 million. Net proceeds of approximately $145.0 million were used to reduce outstanding borrowings under the domestic revolving credit facility.

On October 24, 2002, we declared a cash distribution of $0.5375 per unit on our outstanding common units, Class B common units and subordinated units. The distribution is payable on November 14, 2002, to unitholders of record on November 4, 2002, for the period July 1, 2002, through September 30, 2002. The total distribution to be paid is approximately $28.2 million, with approximately $21.2 million to be paid to our common unitholders, $5.4 million to be paid to our subordinated unitholders and $1.6 million to be paid to our general partner for its general partner and incentive distribution interests. The distribution is in excess of the minimum quarterly distribution specified in the Partnership Agreement.

On July 23, 2002, we declared a cash distribution of $0.5375 per unit on our outstanding common units, Class B common units and subordinated units. The distribution was paid on August 14, 2002, to unitholders of record on August 5, 2002, for the period April 1, 2002, through June 30, 2002. The total distribution paid was approximately $24.6 million, with approximately $17.8 million paid to our common unitholders, $5.4 million paid to our subordinated unitholders and $1.4 million paid to our general partner for its general partner and incentive distribution interests. The distribution was in excess of the minimum quarterly distribution specified in the Partnership Agreement.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

Note 6—Recent Disruptions in Industry Credit Markets

As a result of business failures, revelations of material misrepresentations and related financial restatements by several large, well-known companies in various industries over the last year, there have been significant disruptions and extreme volatility in the financial markets and credit markets. Because of the credit intensive nature of the energy industry and troubling disclosures by several large, diversified energy companies, the energy industry has been especially impacted by these developments, with the rating agencies downgrading a number of large, energy-related companies. Accordingly, in this environment we are exposed to an increased level of direct and indirect counterparty credit and performance risk.

The majority of our credit extensions and therefore our accounts receivable relate to our gathering and marketing activities that can generally be described as high volume and low margin activities, in many cases involving complex exchanges of crude oil volumes. In transacting business with our counterparties, we must determine the amount, if any, of open credit lines to extend to our counterparties and the form and amount of financial performance assurances we may require. The vast majority of such accounts receivable settle monthly and any collection delays generally involve discrepancies or disputes as to the appropriate price, volume or quality of crude oil delivered or exchanged and associated billing delays. Of our $357.6 million aggregate receivables balance included in current assets at December 31, 2001, approximately $330.9 million, or 93%, were less than sixty days past the scheduled invoice date. Of our $483.7 million aggregate receivables balance included in current assets at September 30, 2002, approximately $474.0 million, or 98%, were less than sixty days past the scheduled invoice date.

We have modified our credit arrangements with certain counterparties that have been adversely affected by these recent events, but a large portion of the balances more than sixty days past the invoice date, along with approximately $10.8 million of net receivables classified as long-term, are associated with an ongoing effort to bring substantially all balances to within sixty days of scheduled invoice date. In certain cases, this effort involves reconciling and resolving certain discrepancies, generally related to pricing, volumes, quality or crude oil exchange imbalances, and the majority of these receivables are related to monthly periods leading up to and immediately following the disclosure of our unauthorized trading losses in late 1999. Following that disclosure, a significant number of our suppliers and trading partners temporarily reduced or eliminated our open credit and demanded payments or withheld payments due us before disputed amounts or discrepancies associated with exchange imbalances, pricing issues and quality adjustments were reconciled in accordance with customary industry practices. Because these matters also arose in the midst of various software systems conversions and acquisition integration activities, our effort to resolve outstanding claims and discrepancies has included reprocessing and integrating historical information on numerous software platforms. We have made significant progress to date in this effort and intend to substantially complete this project by the end of 2002 and, based on the work performed to date and the scope of the remaining work to be performed, we believe these prior period balances are collectible or subject to offsets and consider our reserves adequate. However, in the event our counterparties experience an unanticipated deterioration in their credit-worthiness, any addition to existing reserves or write-offs in excess of such reserves would result in a noncash charge to earnings. We do not believe any such charge would have a material effect on our cash flow or liquidity.

Note 7—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) Gathering, Marketing, Terminalling and Storage Operations—engages in purchases and resales of crude oil and LPG at various points along the distribution chain and the operation of certain terminalling and storage assets. We evaluate segment performance based on gross margin and gross profit (gross margin less general and administrative expenses).

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

	Pipeline	Gathering, Marketing, Terminalling & Storage	Total
		(in millions)	
Three Months Ended September 30, 2002			
Revenues:			
External customers	$123.4	$ 2,220.7	$2,344.1
Intersegment (a)	7.0	—	7.0
Total revenues	$130.4	$ 2,220.7	$2,351.1
Gross margin (b)	$ 23.0	$ 21.3	$ 44.3
General and administrative expenses (c)	3.2	8.3	11.5
Gross profit (d)	$ 19.8	$ 13.0	$ 32.8
Maintenance capital	$ 0.5	$ 0.7	$ 1.2
Three Months Ended September 30, 2001			
Revenues:			
External customers	$ 88.8	$ 2,102.5	$2,191.3
Intersegment (a)	4.5	—	4.5
Total revenues	$ 93.3	$ 2,102.5	$2,195.8
Gross margin (b)	$ 16.1	$ 23.5	$ 39.6
General and administrative expenses (c)	2.9	7.4	10.3
Gross profit (d)	$ 13.2	$ 16.1	$ 29.3
Maintenance capital	$ 0.4	$ 0.2	$ 0.6
Nine Months Ended September 30, 2002			
Revenues:			
External customers	$320.2	$ 5,554.6	$5,874.8
Intersegment (a)	13.9	—	13.9
Total revenues	$334.1	$ 5,554.6	$5,888.7
Gross margin (b)	$ 60.3	$ 64.1	$ 124.4
General and administrative expenses (c)	9.3	24.1	33.4
Gross profit (d)	$ 51.0	$ 40.0	$ 91.0
Maintenance capital	$ 2.7	$ 1.3	$ 4.0
Nine Months Ended September 30, 2001			
Revenues:			
External customers	$268.7	$ 5,029.4	$5,298.1
Intersegment (a)	12.9	—	12.9
Total revenues	$281.6	$ 5,029.4	$5,311.0
Gross margin (b)	$ 48.3	$ 60.5	$ 108.8
General and administrative expenses (c)	8.3	20.3	28.6
Gross profit (d)	$ 40.0	$ 40.2	$ 80.2
Maintenance capital	$ 0.5	$ 2.4	$ 2.9

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

(a) Intersegment sales are based on published tariff rates.
(b) Gross margin is calculated as revenues less cost of sales and operations expenses.
(c) G&A expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments based on the business activities that exist at that time. For comparison purposes, we have reclassified G&A expenses by segment for all periods presented to conform to the refined presentation used in the third quarter of 2002. The proportional allocations by segment will continue to be based on the business activities that exist during each period.
(d) Gross profit is calculated as gross margin less general and administrative expenses, excluding noncash compensation expense as it is not allocated to the reportable segments.

Note 8—Contingencies

Export License Matter. In our marketing and gathering activities, we import and export crude oil from and to Canada. Our exports of crude oil are licensed under two export licenses from the Bureau of Industry and Security (the "BIS") of the U.S. Department of Commerce. We have determined that we may have exceeded the quantity of crude oil exports authorized by the licenses. Export of crude oil in excess of the authorized amounts is a violation of the Export Administration Regulations ("EAR"). On October 18, 2002, we submitted to the BIS an initial notification of voluntary disclosure. Upon completion of our internal inquiry, we will voluntarily submit additional information to the BIS. At this time, we have received no indication whether the BIS intends to charge us with a violation of the EAR or, if so, what penalties would be assessed. As a result, we cannot estimate the ultimate impact of these potential violations.

Other. A pipeline, terminal or other facilities may experience damage as a result of an accident or natural disaster. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We maintain insurance of various types that we consider 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, terminals and other facilities 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 events of September 11, 2001, and their overall effect on the insurance industry has had an adverse impact on availability and cost of coverage. Due to these events, insurers have excluded acts of terrorism and sabotage from our insurance policies. On certain of our key assets, we purchased a separate insurance policy for acts of terrorism and sabotage.

Since the terrorist attacks, the United States Government has issued numerous warnings that energy assets (including our nation's pipeline infrastructure) may be a future target of terrorist organizations. These developments expose our operations and assets to increased risks. Any future terrorist attacks on our facilities, those of our customers and, in some cases, those of our competitors, could have a material adverse effect on our business, whether insured or not.

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.

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

We, in the ordinary course of business, are a claimant and/or a defendant in various other legal proceedings. We do 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, results of operations or cash flows.

Note 9—Recent Accounting Pronouncements

In October 2002, the EITF reached consensus on certain issues in EITF Issue No. 02-03, "Recognition and Reporting of Gains and Losses on Energy Trading Contracts under Issues No. 98-10 and 00-17." The consensus reached included i) rescinding EITF 98-10 and ii) the requirement that mark-to-market gains and losses on trading contracts (whether realized or unrealized and whether financially or physically settled) be shown net in the income statement. The EITF provided guidance that, beginning on October 25, 2002, all new contracts that would have been accounted for under EITF 98-10 should no longer be marked-to-market through earnings unless such contracts fall within the scope of SFAS 133. All of the contracts that we have accounted for under EITF 98-10 fall within the scope of SFAS 133 and therefore will continue to be marked-to-market through earnings under the provisions of that rule. Therefore, we do not believe that the adoption of this rule will have a material effect on either our financial position, results of operations or cash flows.

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS 146 "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of the exit plan. This Statement is effective for exit or disposal activities that are initiated after December 31, 2002. We do not believe that the adoption of SFAS 146 will have a material effect on either our financial position, results of operations or cash flows.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS 145 rescinds, updates, clarifies and simplifies existing accounting pronouncements. Among other things, SFAS 145 rescinds SFAS 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. Under SFAS 145, the criteria in Accounting Principles Board No. 30 will now be used to classify those gains and losses. The adoption of this and the remaining provisions of SFAS 145 did not have a material effect on our financial position or results of operations. However, any future extinguishments of debt may impact income from continuing operations.

In June 2001, the FASB issued SFAS 143 "Asset Retirement Obligations." SFAS 143 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including (1) the time of the liability recognition, (2) initial measurement of the liability, (3) allocation of asset retirement cost to expense, (4) subsequent measurement of the liability and (5) financial statement disclosures. SFAS 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. We will adopt the statement effective January 1, 2003, as required. The transition adjustment resulting from the adoption of SFAS 143 will be reported as a cumulative effect of a change in accounting principle. Although we are in the process of evaluating the impact of adoption, we cannot reasonably estimate the effect of the adoption of this statement on either our financial position, results of operations or cash flows at this time.

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

Overview

We are a Delaware limited partnership formed in September of 1998. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the midstream crude oil business and assets of Plains Resources Inc. and its midstream subsidiaries. Our operations are conducted directly and indirectly through Plains Marketing, L.P., All American Pipeline, L.P. and Plains Marketing Canada, L.P. We are engaged in interstate and intrastate crude oil pipeline transportation as well as gathering, marketing, terminalling and storage of crude oil and liquefied petroleum gas ("LPG"). We own an extensive network in the United States and Canada of pipeline transportation, storage and gathering assets in key oil producing basins and at major market hubs. Our operations are conducted primarily in Texas, California, Oklahoma, Louisiana and the Canadian provinces of Alberta and Saskatchewan and consist of two operating segments: (i) Pipeline Operations and (ii) Gathering, Marketing, Terminalling and Storage Operations. We evaluate segment performance based on gross margin and gross profit (gross margin less general and administrative expenses).

The following acquisitions impact the comparability of the 2002 and 2001 periods as noted in the discussion below:

- On August 1, 2002, we acquired interests in approximately 2,000 miles of gathering and mainline crude oil pipelines and approximately 8.7 million barrels (net to our interest) of above-ground crude oil terminalling and storage assets in West Texas from Shell Pipeline Company LP and Equilon Enterprises LLC, (which we refer to collectively as the "Shell acquisition"). The results of operations from this acquisition have been included in our consolidated financial statements and in our pipeline operations segment since that date. The primary assets included in the transaction are interests in the Basin Pipeline System, the Permian Basin Gathering System and the Rancho Pipeline System. These assets complement our existing asset infrastructure in West Texas and represent a transportation link to Cushing, Oklahoma, where we are a provider of storage and terminalling services. The total purchase price of $322.7 million consisted of (i) $304.0 million in cash, which was borrowed under our revolving credit facility, (ii) approximately $9.1 million related to the settlement of pre-existing accounts receivable and inventory balances and (iii) approximately $9.6 million of estimated transaction and closing costs.
- In 2001, we acquired substantially all of the Canadian crude oil pipeline, gathering, marketing, terminalling and storage assets of Murphy Oil Company Ltd. and the assets of CANPET Energy Group Inc., a Calgary-based Canadian crude oil and liquefied petroleum gas marketing company, together the "Canadian acquisitions." The Canadian acquisitions were effective April 1, 2001, and July 1, 2001, respectively.

Results of Operations

The following table reconciles our reported net income to our net income before unusual or nonrecurring items and the impact of SFAS 133:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(millions)		(millions)	
Reported net income	$ 16.3	$ 15.2	$ 47.5	$ 35.2
Noncash compensation expense	—	—	—	5.7
Noncash cumulative effect of accounting change (1)	—	—	—	(0.5)
Noncash SFAS 133 adjustment	0.4	(0.7)	2.1	(0.8)
Net income before unusual or nonrecurring items and the impact of SFAS 133	$ 16.7	$ 14.5	$ 49.6	$ 39.6

(1) Related to the adoption of SFAS 133 on January 1, 2001.

For the three months ended September 30, 2002, we reported net income of $16.3 million on total revenues of $2.3 billion compared to net income for the same period in 2001 of $15.2 million on total revenues of $2.2 billion. For the nine months ended September 30, 2002, we reported net income of $47.5 million on total revenues of $5.9 billion compared to net income for the same period in 2001 of $35.2 million of total revenues of $5.3 billion. When evaluating our results, we exclude the impact of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," resulting from (i) derivatives characterized as fair value hedges, (ii) derivatives that do not qualify for hedge accounting and (iii) the portion of cash flow hedges that is not highly effective in offsetting changes in cash flows of hedged items. The majority of these instruments serve as economic hedges which offset future physical positions not reflected in current results. Therefore, the SFAS 133 adjustment to net income is not a complete depiction of the economic substance of the transaction, as it only represents the derivative side of these transactions and does not take into account the offsetting physical position. In addition, the impact will vary from quarter to quarter based on market prices at the end of the quarter.

Pipeline Operations

We own and operate over 5,500 miles of gathering and mainline crude oil pipelines located throughout the United States and Canada. Our activities from pipeline operations generally consist of transporting third-party volumes of crude oil for a fee, third-party leases of pipeline capacity, barrel exchanges and buy/sell arrangements. We also use our pipelines in our merchant activities conducted under our gathering and marketing business. Tariffs and other fees on our pipeline systems vary by receipt point and delivery point. The gross margin generated by our tariff and other fee-related activities depends on the volumes transported on the pipeline and the level of the tariff and other fees charged as well as the fixed and variable costs of operating the pipeline. Gross margin from our pipeline capacity leases, barrel exchanges and buy/sell arrangements generally reflect a negotiated amount.

The following table sets forth our operating results from our Pipeline Operations segment for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Operating Results (in millions):				
Revenues (including intersegment)	$ 130.4	$ 93.3	$ 334.1	$ 281.6
Gross margin	$ 23.0	$ 16.1	$ 60.3	$ 48.3
General & administrative expenses	3.2	2.9	9.3	8.3
Gross profit	$ 19.8	$ 13.2	$ 51.0	$ 40.0
Average Daily Volumes (thousands of barrels per day) (1):				
Tariff activities				
All American	68	68	65	68
Basin	157	—	53	—
Other domestic	256	139	186	148
Canada (2)	201	191	186	118
Margin activities	71	53	72	58
Total	753	451	562	392

(1) Total volumes transported on assets acquired during the period have been divided by the total number of days in the period to get a daily average.
(2) 2001 volume information is adjusted for consistency of comparison with 2002 presentation.

Pipeline Operations for the Three Months Ended September 30, 2002 and 2001

Average daily volumes on our pipelines during the third quarter of this year were approximately 753,000 barrels per day compared to 451,000 barrels per day for the prior year quarter, which was an increase of approximately 302,000 barrels per day. Approximately 298,000 barrels per day of the increase in the third quarter of 2002 resulted from the acquisition of various businesses during 2002 and late 2001, including approximately 266,000 barrels per day related to the businesses acquired in the Shell acquisition.

Total revenues from our pipeline operations were approximately $130.4 million and $93.3 million for the three months ended September 30, 2002 and 2001, respectively. Excluding the revenues of $11.1 million from businesses acquired during 2002 and late 2001, revenues from our pipeline operations would have been approximately $119.3 million for the three months ended September 30, 2002. That is an increase of approximately $26.0 million over the comparable 2001 revenues. Of this increase, approximately $25.1 million relates to our merchant activities on our San Joaquin Valley gathering system. This increase was related to both increased volumes and higher average prices on our buy/sell arrangements in the 2002 period. However, this business is a margin business and although revenues and cost of sales are impacted by the absolute level of crude oil prices, there is a limited impact on gross margin.

Gross margin from pipeline operations increased to approximately $23.0 million for the quarter ended September 30, 2002, from $16.1 million for the prior year quarter, an increase of $6.9 million primarily related to the acquisition of various businesses during 2002 and late 2001.

General and administrative expense (“G&A”) related to pipeline operations was $3.2 million for the quarter ended September 30, 2002, compared to $2.9 million for the third quarter of 2001. The increase in 2002 is primarily due to expenses associated with our Canadian acquisitions.

Pipeline Operations for the Nine Months Ended September 30, 2002 and 2001

Average daily volumes on our pipelines during the nine months ended September 30, 2002, were approximately 562,000 barrels per day compared to an average of 392,000 barrels per day for the prior year period, which was an increase of approximately 170,000 barrels per day. Approximately 119,000 barrels per day of the increase resulted from the acquisition of various businesses in 2002 and late 2001, including an average of approximately 89,000 barrels per day related to the businesses acquired in the Shell acquisition. The remainder of the increase was primarily related to the inclusion of the average daily volumes from the pipeline assets included in the Canadian acquisitions for all of the 2002 period compared to only six months during the 2001 period.

Total revenues from our pipeline operations were approximately $334.1 million and $281.6 million for the nine months ended September 30, 2002 and 2001, respectively. Excluding revenues of approximately $12.7 million from various businesses acquired during 2002 and late 2001, revenues from our pipeline operations would have been approximately $321.4 million for the nine months ended September 30, 2002. This reflects an increase of approximately $39.8 million over the comparable 2001 revenues. Of this increase, approximately $33.3 million relates to our merchant activities on our SJV gathering system. The increase was related to both increased volumes and higher average prices on our buy/sell arrangements in the 2002 period. However, this business is a margin business and although revenues and cost of sales are impacted by the absolute level of crude oil prices, there is a limited impact on gross margin. The remainder of the increase in revenues is primarily related to the inclusion of the results of operations from the pipeline assets included in the Canadian acquisitions for all of the 2002 period compared to only six months during the 2001 period.

Gross margin from pipeline operations increased to approximately $60.3 million for the nine months ended September 30, 2002, from $48.3 million for the prior year period, an increase of $12 million. The increase primarily related to the acquisition of various businesses during 2002 and late 2001 and the inclusion of the

results of operations from the pipeline assets included in the Canadian acquisitions for all of the 2002 period compared to only six months during the 2001 period.

G&A expense related to pipeline operations was $9.3 million for the nine months ended September 30, 2002, compared to $8.3 million for the first nine months of 2001. The increase in 2002 is primarily due to expenses associated with our Canadian acquisitions which were acquired in April and July of 2001.

Gathering, Marketing, Terminalling and Storage Operations

Our revenues from gathering and marketing activities reflect the sale of gathered and bulk-purchased barrels plus the sale of additional barrels exchanged through buy/sell arrangements entered into to enhance the margins of the gathered and bulk-purchased crude oil. 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 margin businesses, and 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. Accordingly, an increase or decrease in revenues is not necessarily an indication of segment performance.

We own and operate approximately 21.3 million barrels of above-ground crude oil terminalling and storage facilities, including a crude oil terminalling and storage facility at Cushing, Oklahoma. Cushing, which we refer to as the Cushing Interchange, is the largest crude oil market hub in the United States and the designated delivery point for New York Mercantile Exchange, or NYMEX, crude oil futures contracts. Terminals are facilities where crude oil is transferred to or from storage or a transportation system, such as a pipeline, to another transportation system, such as trucks or another pipeline. The operation of these facilities is called “terminalling.” Gross margin from terminalling and storage activities is dependent on the throughput volumes, the volume of crude oil stored and the level of fees generated from our terminalling and storage services. We also use our storage tanks to counter cyclically balance our gathering and marketing operations and to execute different hedging strategies to stabilize margins and reduce the negative impact of crude oil market volatility.

The following table sets forth our operating results from our Gathering, Marketing, Terminalling and Storage operations segment for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Operating Results (in millions):				
Revenues	$ 2,220.7	$ 2,102.5	$ 5,554.6	$ 5,029.4
Gross margin	$ 21.3	$ 23.5	$ 64.1	$ 60.5
General & administrative expenses	8.3	7.4	24.1	20.3
Gross profit	$ 13.0	$ 16.1	$ 40.0	$ 40.2
Average Daily Volumes (thousands of barrels per day) (1)(2):				
Lease gathering	408	391	406	334
Bulk purchases	85	55	74	39
Total	493	446	480	373
Terminal throughput	123	97	92	103
Storage leased to third parties, monthly average volumes	811	2,672	1,323	2,337

(1) Total volumes attributable to acquisitions during the period have been divided by the total number of days in the period to get a daily average.
(2) 2001 volume information is adjusted for consistency of comparison with 2002 presentation.

Gathering, Marketing, Terminalling and Storage Operations for the Three Months Ended September 30, 2002 and 2001

For the three months ended September 30, 2002, we gathered from producers, using our assets or third-party assets, approximately 408,000 barrels of crude oil per day. In addition, we purchased in bulk, primarily at major trading locations, approximately 85,000 barrels of crude oil per day. Storage leased to third parties decreased to an average of 0.8 million barrels per day from an average of 2.7 million barrels per day in the prior year quarter as we used an increased amount of our capacity for our own account due to contango market activities in the current year period. A contango market exists when oil prices for future deliveries are higher than current prices thereby making it profitable to store crude oil for future delivery. Terminal throughput volumes averaged approximately 123,000 barrels per day and 97,000 barrels per day for the quarter ended September 30, 2002 and 2001, respectively.

Revenues from our gathering, marketing, terminalling and storage operations were approximately $2.2 billion and $2.1 billion for the quarter ended September 30, 2002 and 2001, respectively. Revenues for 2002 were impacted both by increased volumes over the comparative prior year quarter as well as higher average prices. The average NYMEX price for crude oil was $28.27 per barrel and $26.78 per barrel for the third quarter of 2002 and 2001, respectively.

Gross margin from gathering, marketing, terminalling and storage activities was approximately $21.3 million for the quarter ended September 30, 2002, compared to $23.5 million in the prior year quarter. Excluding the impact of the noncash fair value adjustments related to SFAS 133, gross margin for this segment would have been approximately $21.7 million for the quarter ended September 30, 2002, compared to $22.8 million in the prior year quarter. The 2002 results were negatively impacted by hurricanes Isidore and Lili that caused the temporary shut-in of oil production in the Gulf of Mexico during the third quarter.

G&A related to gathering, marketing, terminalling and storage operations was $8.3 million for the quarter ended September 30, 2002, compared to $7.4 million for the third quarter of 2001. The increase in 2002 is primarily due to expenses associated with our Canadian acquisitions, partially offset by a decrease in other G&A expenses related to the domestic operations.

Gathering, Marketing, Terminalling and Storage Operations for the Nine Months Ended September 30, 2002 and 2001

For the nine months ended September 30, 2002, we gathered from producers, using our assets or third-party assets, approximately 406,000 barrels of crude oil per day. In addition, we purchased in bulk, primarily at major trading locations, approximately 74,000 barrels of crude oil per day. Storage leased to third parties decreased to an average of 1.3 million barrels per day from an average of 2.3 million barrels per day in the prior year period as we used an increased amount of our capacity for our own account due to contango market activities in the current year period. Terminal throughput volumes averaged approximately 92,000 barrels per day and 103,000 barrels per day for the nine months ended September 30, 2002 and 2001, respectively.

Revenues from our gathering, marketing, terminalling and storage operations were approximately $5.6 billion and $5.0 billion for the nine months ended September 30, 2002 and 2001, respectively. Revenues from our Canadian operations were approximately $1.1 billion for the 2002 period, which was an increase of approximately $0.6 billion over the prior year period. The increase was partially related to the inclusion of the Canadian acquisitions for all of 2002 compared to a portion of 2001. This had the impact of increasing volumes by approximately 84,000 barrels per day. Domestic gathering volumes increased an average of approximately 22,000 barrels per day in the 2002 period from the comparable 2001 period, but the increased volumes were offset by decreased prices resulting in relatively flat revenues from our domestic operations. The average NYMEX price for crude oil was $25.39 per barrel and $27.86 per barrel for the nine months ended September 30, 2002 and 2001, respectively.

Gross margin from gathering, marketing, terminalling and storage activities was approximately $64.1 million for the nine months ended September 30, 2002, compared to $60.5 million in the prior year period. Excluding the impact of the noncash fair value adjustments related to SFAS 133, gross margin for this segment would have been approximately $66.2 million for the nine months ended September 30, 2002, compared to $59.7 million in the prior year period. The increase is partially related to the inclusion of the businesses acquired in the Canadian acquisitions for all of 2002 compared to the portion of 2001 subsequent to acquisition. In addition, higher domestic volumes contributed to higher gross margin in 2002.

G&A expense related to gathering, marketing, terminalling and storage operations was $24.1 million for the nine months ended September 30, 2002, compared to $20.3 million for the 2001 period. The increase in 2002 is primarily due to expenses associated with our Canadian acquisitions, partially offset by a decrease in other G&A expenses related to the domestic operations.

Other Expenses

Depreciation and Amortization

Depreciation and amortization expense was $9.0 million for the quarter ended September 30, 2002, compared to $6.4 million for the same period of 2001. Approximately $1.6 million of the increase is associated with the assets acquired in the Shell acquisition. For the nine months ended September 30, 2002, depreciation and amortization expense increased to $23.1 million, an increase of $5.5 million from the $17.6 million reported in the 2001 period. Approximately $4.0 million of the increase is attributable to our acquisitions completed in 2002, as well as those completed in 2001, but not outstanding the entire period. The remainder of the increase for both periods is related to an increase in debt issue costs related to the amendment of our credit facilities during 2002 and late 2001, the sale of the senior unsecured notes in September 2002, and the completion of various capital expansion projects.

Interest Expense

Interest expense decreased to $7.4 million for the quarter ended September 30, 2002, from $7.8 million for the comparative 2001 period. For the nine months ended September 30, 2002, interest expense decreased to $20.2 million from $22.5 million for the comparative 2001 period. The decreases are due to the capitalization of interest and lower interest rates somewhat offset by higher average debt balances and increased commitment fees. Interest in the amount of $0.2 million and $0.6 million for the quarter and nine months, respectively was capitalized in conjunction with the construction of our Cushing terminal expansion. The lower interest rates are due to a decrease in LIBOR and prime rates in the current year. During the third quarter of 2001, we issued $200 million of term B notes. Proceeds were used to reduce borrowings under the revolver. As such, our commitment fees on our revolver increased, as they are based on unused availability. The overall increased debt balance in 2002 is related to the Shell acquisition in August 2002.

Outlook

On October 29, 2002, we furnished Item 9 information in a current report on Form 8-K, containing guidance for operating and financial performance for the fourth quarter of 2002 and updated selected preliminary guidance information for 2003.

Acquisition Activities. Consistent with our acquisition strategy, we are continuously engaged in discussions with potential sellers regarding the possible purchase by us of midstream crude oil assets. Such acquisition efforts involve participation by us in processes that have been made public, involve a number of potential buyers and are commonly referred to as “auction” processes, as well as situations in which we believe we are the only party or one of a very limited number of potential buyers in negotiations with the potential seller. Since 1998, we have completed 12 acquisitions for an aggregate purchase price of $1.1 billion. We can give you no assurance that our current or future acquisition efforts will be successful or that any such acquisition will be

completed on terms considered favorable to us. In connection with these activities, we routinely incur third party costs, which are capitalized and deferred pending final outcome of the transaction. Deferred costs associated with successful transactions are capitalized as part of the transaction, while deferred costs associated with unsuccessful transactions are expensed at the time of such final determination. At September 30, 2002, the amount of costs deferred pending final outcome was not material.

FERC Notice of Proposed Rulemaking. On August 1, 2002, the Federal Energy Regulatory Commission ("FERC") issued a Notice of Proposed Rulemaking that, if adopted, would amend its Uniform Systems of Accounts for oil pipeline companies with respect to participation of a FERC-Regulated subsidiary in the cash management arrangement of its non-FERC-regulated parent. Although it appears that, if adopted, the rule may affect the way in which we manage cash, we believe that the incremental costs will not be significant.

Sarbanes-Oxley Act and New SEC Rules. Several regulatory and legislative initiatives have been introduced over the past several months in response to recent events regarding accounting issues at large public companies, resulting disruptions in the capital markets and ensuing calls for action to prevent repetition of such events. We support the actions called for under these initiatives and believe these steps will ultimately be successful in accomplishing the stated objectives. However, implementation of reforms in connection with such initiatives will add to the costs of doing business for all publicly-traded entities, including the Partnership. Such costs will have an adverse impact on future income and cash flow, especially in the near term as legal, financial and consultant costs are incurred to analyze the new requirements, formalize current practices and implement required changes to ensure that we maintain compliance with these new rules. We are not able to estimate the magnitude of increase in our costs that will result from such reforms.

Vesting of Unit Grants under LTIP. In connection with our public offering in 1998, our general partner established a long-term incentive plan, which permits the grant of restricted units and unit options covering an aggregate of approximately 1.4 million units. Approximately 1.0 million restricted units (and no unit options) have been granted under the plan. A restricted unit grant entitles the grantee to receive a common unit upon the vesting of the restricted unit. Subject to additional vesting requirements, restricted units may vest in the same proportion as the conversion of our outstanding subordinated units into common units. Certain of the restricted unit grants contain additional vesting requirements tied to the Partnership achieving targeted distribution thresholds, generally $2.10, $2.30 and $2.50 per unit, in equal proportions.

Under generally accepted accounting principles, we are required to recognize an expense when the financial tests for conversion of subordinated units and required distribution levels are met. The test associated with the conversion of subordinated units to common units is set forth in the Partnership Agreement and involves GAAP accounting concepts as well as complex and esoteric cash receipts and disbursement concepts that are indexed to the minimum quarterly distribution rate of $1.80 per limited partner unit.

Because of this complexity, it is difficult to forecast when the vesting of these restricted units will occur. However, at the current distribution level of $2.15 per unit, assuming the subordination conversion test is met, the costs associated with the vesting of up to approximately 820,000 units would be incurred or accrued in the second half of 2003 or the first quarter of 2004. At a distribution level of $2.30 to $2.49, the number of units would be approximately 940,000. At a distribution level at or above $2.50, the number of units would be approximately 1,030,000. We are currently planning to issue units to satisfy the first 975,000 vested, and to purchase units in the open market to satisfy any vesting obligations in excess of that amount. Issuance of units would result in a non-cash compensation expense. Purchase of units would result in a cash charge to compensation expense. The amount of the charge to expense will be determined by the unit price on the date vesting occurs, multiplied by the number of units.

Liquidity and Capital Resources

Liquidity

Cash generated from operations and our credit facilities are our primary sources of liquidity. At September 30, 2002, we had a working capital deficit of approximately $17.8 million, approximately $437.5 million of availability under our revolving credit facility and $53.3 million under the letter of credit and hedged inventory facility. Usage of the credit facilities is subject to compliance with covenants. In the past, we have generally maintained a positive working capital position. During the third quarter of 2002, we reduced our working capital, primarily through the (i) collection of accounts receivable and certain prepayments and the application of those proceeds to reduce its long-term borrowings, and (ii) shifting borrowings to finance certain contango inventory and LPG purchase requirements from its long-term revolving credit facilities to its hedged inventory and letter of credit facility. The hedged inventory and letter of credit facility requires reduction in outstanding amounts at the time proceeds from the sale of the inventory are collected. Accordingly, amounts drawn under this facility are reflected as a current liability for hedged inventory expected to be sold within one year. In addition, approximately $11.3 million of the company's net liability under SFAS 133 is reflected as current.

We funded the purchase of the Shell acquisition on August 1, 2002, with funds drawn on its revolving credit facilities. Later in August, we completed a public offering of 6,325,000 common units priced at $23.50 per unit. Net proceeds from the offering, including our general partner's proportionate capital contribution and expenses associated with the offering, were approximately $145.0 million and were used to pay down our revolving credit facilities. During September 2002, we completed the sale of $200 million of 7.75% senior notes due in October 2012, which generated net proceeds of $196.3 million that we used to pay down our revolving credit facilities.

We believe that we have sufficient liquid assets, cash from operations and borrowing capacity under our credit agreements to meet our financial commitments, debt service obligations, contingencies and anticipated capital expenditures. However, we are subject to business and operational risks that could adversely effect our cash flow. A material decrease in our cash flows would likely produce a corollary adverse effect on our borrowing capacity.

Recent Disruptions in Industry Credit Markets. As a result of business failures, revelations of material misrepresentations and related financial restatements by several large, well-known companies in various industries over the last year, there have been significant disruptions and extreme volatility in the financial markets and credit markets. Because of the credit-intensive nature of the energy industry and troubling disclosures by several large, diversified energy companies, the energy industry has been especially impacted by these developments, with the rating agencies downgrading a number of large energy related companies. Accordingly, in this environment we are exposed to an increased level of direct and indirect counterparty credit and performance risk.

The majority of our credit extensions and therefore our accounts receivable relate to our gathering and marketing activities that can generally be described as high volume and low margin activities, in many cases involving complex exchanges of crude oil volumes. In transacting business with our counterparties, we must determine the amount, if any, of open credit lines to extend to our counterparties and the form and amount of financial performance assurances we may require. The vast majority of such accounts receivable settle monthly and any collection delays generally involve discrepancies or disputes as to the appropriate price, volume or quality of crude oil delivered or exchanged and associated billing delays. Of our $357.6 million aggregate receivables balance included in current assets at December 31, 2001, approximately $330.9 million, or 93%, were less than sixty days past the scheduled invoice date. Of our $483.7 million aggregate receivables balance included in current assets at September 30, 2002, approximately $474.0 million, or 98%, were less than sixty days past the scheduled invoice date.

We have modified our credit arrangements with certain counterparties that have been adversely affected by these recent events, but a large portion of the balances more than sixty days past the invoice date, along with approximately $10.8 million of net receivables classified as long-term, are associated with an ongoing effort to bring substantially all balances to within sixty days of scheduled invoice date. In certain cases, this effort involves reconciling and resolving certain discrepancies, generally related to pricing, volumes, quality or crude oil exchange imbalances, and the majority of these receivables are related to monthly periods leading up to and immediately following the disclosure of our unauthorized trading losses in late 1999. Following that disclosure, a significant number of our suppliers and trading partners temporarily reduced or eliminated our open credit and demanded payments or withheld payments due us before disputed amounts or discrepancies associated with exchange imbalances, pricing issues and quality adjustments were reconciled in accordance with customary industry practices. Because these matters also arose in the midst of various software systems conversions and acquisition integration activities, our effort to resolve outstanding claims and discrepancies has included reprocessing and integrating historical information on numerous software platforms. We have made significant progress to date in this effort and intend to substantially complete this project by the end of 2002 and, based on the work performed to date and the scope of the remaining work to be performed, we believe these prior period balances are collectible or subject to offsets and consider our reserves adequate. However, in the event our counterparties experience an unanticipated deterioration in their credit-worthiness, any addition to existing reserves or write-offs in excess of such reserves would result in a noncash charge to earnings. We do not believe any such charge would have a material effect on our cash flow or liquidity.

To date, these market disruptions have not had a material adverse impact on our activities or on obtaining open credit for our account with counterparties. We are currently rated BB+ by Standard & Poor's and on June 27, 2002, we were placed on Credit Watch with positive implications. On September 17, 2002, Moody's Investor Services upgraded our senior implied credit rating to Ba1, stable outlook. You should note that a rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time.

Cash Flows

	Nine Months Ended September 30,	
	2002	2001
	(in millions)	
Cash provided by (used in):		
Operating activities	$ 127.4	$ 5.5
Investing activities	(349.8)	(221.3)
Financing activities	223.3	216.2

Operating Activities. Net cash provided by operating activities for the nine months ended September 30, 2002 was $127.4 million as compared to $5.5 million in the 2001 period. Approximately $15.5 million of the increase is due to an increase in earnings, adjusted for non-cash items, predominantly related to our acquisitions completed in April and July 2001 and August 2002. The remainder of the increase is due to changes in working capital items related to the following: i) the collection of accounts receivable related to prior period balances as discussed in "Recent Disruptions in Industry Credit Markets" above; ii) the collection of prepayments due to the increase in credit risk associated with certain counter-parties; and iii) the sale of hedged crude oil inventory purchased in 2001 and 2002 and the correlated changes in accounts receivable and accounts payable. In addition to the hedged inventory transactions having a positive effect on cash provided by operating activities for the nine months ended September 30, 2002, similar transactions had a negative effect on the nine months ended September 30, 2001 as the inventory was being purchased and stored; thus, resulting in an even larger variance when comparing the two periods.

Investing Activities. Net cash used in investing activities in 2002 includes the payment of $310.1 million related to the purchase of certain assets from Shell Pipeline Company as well as related transaction costs, $7.7 million for the Butte acquisition and $5.1 million for the Coast/Lantern acquisition. Investing activities also

includes $27.4 million of capital expenditures related to the Cushing expansion, the construction of the Marshall terminal in Canada and other capital projects.

Financing Activities. Cash provided by financing activities in 2002 consisted of approximately $351.3 million of proceeds from the issuance of common units and senior unsecured notes used primarily to fund capital projects and acquisitions and pay down outstanding balances on the revolving credit facility. In addition, $71.6 million of distributions were paid to unitholders and the general partner during the nine months ended September 30, 2002.

Universal Shelf

We have filed with the Securities and Exchange Commission a universal shelf registration statement that, subject to effectiveness at the time of use, allows us to issue from time to time up to an aggregate of $700 million of debt or equity securities. At September 30, 2002, we have approximately $421 million remaining under this registration statement.

Credit Facilities and Long-term Debt

During September 2002, we completed the sale of $200 million of 7.75% senior notes due in October 2012. The notes were issued by Plains All American Pipeline, L.P. and a 100% owned finance subsidiary (neither of which have independent assets or operations) at a discount of $0.4 million, resulting in an effective interest rate of 7.78%. Interest payments are due on April 15 and October 15 of each year. The notes are fully and unconditionally guaranteed, jointly and severally, by all of our existing 100% owned subsidiaries, except for subsidiaries which are minor.

As amended in July 2002 and giving effect to the third quarter capital raising activities, our credit facilities consist of a $350.0 million senior secured letter of credit and hedged inventory facility (with current lender commitments totaling $200.0 million), and a $747.0 million senior secured revolving credit and term loan facility, each of which is secured by substantially all of our assets. The terms of our credit facilities enable us to expand the size of the letter of credit and hedged inventory facility from $200.0 million to $350.0 million without additional approval from existing lenders. The revolving credit and term loan facility consists of a $420.0 million domestic revolving facility (with a $10.0 million letter of credit sublimit), a $30.0 million Canadian revolving facility (with a $5.0 million letter of credit sublimit), a $99.0 million term loan, and a $198.0 million term B loan.

The facilities have final maturities as follows:

- as to the $350.0 million senior secured letter of credit and hedged inventory facility and the aggregate $450.0 million domestic and Canadian revolver portions, in April 2005;
- as to the $99.0 million term loan, in May 2006; and
- as to the $198.0 million term B loan, in September 2007.

The financial covenants of these credit facilities require us to maintain:

- a current ratio (as defined) of at least 1.0 to 1.0;
- a debt coverage ratio which will not be greater than 5.25 to 1.0 on unsecured debt and 4.0 to 1.0 on secured debt;
- an interest coverage ratio that is not less than 2.75 to 1.0; and
- a debt to capital ratio of not greater than 0.7 to 1.0 through March 30, 2003, and 0.65 to 1.0 at any time thereafter.

For covenant compliance purposes, letters of credit and borrowings under the letter of credit and hedged inventory facility are excluded when calculating the debt coverage ratio. We are currently in compliance with the covenants contained in our credit agreements.

The amended facility permits us to issue up to an aggregate $400 million of senior unsecured debt having a maturity beyond the final maturity of the existing credit facility and provides a mechanism to reduce the amount of the domestic revolving credit facility. The foregoing description of the credit facility incorporates the reduction associated with the $200 million senior note offering completed in September 2002. Depending on the amount of additional senior indebtedness incurred, the domestic revolving credit facility will be reduced by an amount equating to 40% to 63% of any incremental indebtedness, up to the aggregate $400 million limitation.

The average life of our debt capitalization at September 30, was approximately 6.5 years. At the end of the third quarter we had approximately $12 million outstanding under our $450 million of revolving credit facilities that mature in 2005, approximately $297 million of senior secured term loans with final maturity dates in 2006 and 2007 and $200 million of senior notes which mature in 2012. We have classified the $9 million of term loan payments due in 2003 as long term due to our intent and ability to refinance those maturities using the revolving facility.

Term loan payments are as follows (in millions):

Calendar Year	Payment
2003	$ 9.0
2004	10.0
2005	10.0
2006	78.0
2007	190.0
Total	$ 297.0

We manage our exposure to increasing interest rates. Based on September 30, 2002, debt balances, floating rate indexes at the end of October 2002, our credit spread under our credit facilities and the combination of our fixed rate debt and current interest rate hedges, the average interest rate was approximately 6.2%, excluding non-use and facilities fees, which will vary based on usage and outstanding balance. Based on current amounts outstanding, we estimate these fees will average approximately $2.2 million per year. We have locked-in interest rates (excluding the credit spread under the credit facilities) for approximately 60% of our total debt for the next year, 50% for the next four years and 40% for the next ten years.

Contingencies

Export License Matter. In our marketing and gathering activities, we import and export crude oil from and to Canada. Our exports of crude oil are licensed under two export licenses from the Bureau of Industry and Security (the “BIS”) of the U.S. Department of Commerce. We have determined that we may have exceeded the quantity of crude oil exports authorized by the licenses. Export of crude oil in excess of the authorized amounts is a violation of the Export Administration Regulations (“EAR”). On October 18, 2002, we submitted to the BIS an initial notification of voluntary disclosure. Upon completion of our internal inquiry, we will voluntarily submit additional information to the BIS. At this time, we have received no indication whether the BIS intends to charge us with a violation of the EAR or, if so, what penalties would be assessed. As a result, we cannot estimate the ultimate impact of these potential violations.

Pipeline and Storage Regulation. We are subject to the U.S. Department of Transportation’s (the “DOT’s”) pipeline integrity rules, which require continual assessment of pipeline segments that could affect “high consequence areas.” Our compliance costs will vary from year to year based on the assessment priority placed on particular line segments. Based on currently available information, we estimate that such costs will average approximately $2.5 million per year in 2003 and 2004. Such amounts incorporate approximately $1 million per year associated with assets acquired in the Shell acquisition. We will continue to refine our estimates as data from initial assessments is collected.

The DOT has adopted API 653 as the standard for the inspection, repair, alteration and reconstruction of existing crude oil storage tanks subject to DOT jurisdiction (approximately 72% of our 21.3 million barrels). API 653 requires regularly scheduled inspection and repair of tanks remaining in service. Full compliance is required by 2009. We have commenced our compliance activities under the standard and, based on currently available information, we estimate that we will spend approximately $3 million per year in 2003 and 2004 in connection with these activities. Such amounts incorporate costs associated with assets acquired in the Shell acquisition. We will continue to refine our estimates as data from initial assessments is collected.

Other. A pipeline, terminal or other facilities may experience damage as a result of an accident or natural disaster. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We maintain insurance of various types that we consider 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, terminals and other facilities, 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 events of September 11, 2001, and their overall effect on the insurance industry has had adverse impact on availability and cost of coverage. Due to these events, insurers have excluded acts of terrorism and sabotage from our insurance policies. On certain of our key assets, we purchased a separate insurance policy for acts of terrorism and sabotage.

Since the terrorist attacks, the United States Government has issued numerous warnings that energy assets (including our nation's pipeline infrastructure) may be a future target of terrorist organizations. These developments expose our operations and assets to increased risks. Any future terrorist attacks on our facilities, those of our customers and, in some cases, those of our competitors, could have a material adverse effect on our business whether insured or not.

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.

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

Recent Accounting Pronouncements

In October 2002, the Emerging Issues Task Force ("EITF") reached consensus on certain issues in EITF Issue No. 02-03, "Recognition and Reporting of Gains and Losses on Energy Trading Contracts under Issues No. 98-10 and 00-17." The consensus reached included i) rescinding EITF 98-10 and ii) the requirement that mark-to-market gains and losses on trading contracts (whether realized or unrealized and whether financially or physically settled) be shown net in the income statement. The EITF provided guidance that, beginning on October 25, 2002, all new contracts that would have been accounted for under EITF 98-10 should no longer be marked-to-market through earnings unless such contracts fall within the scope of SFAS 133. All of the contracts that we have accounted for under EITF 98-10 fall within the scope of SFAS 133 and therefore will continue to be marked-to-market through earnings under the provisions of that rule. Therefore, we do not believe that the adoption of this rule will have a material effect on either our financial position, results of operations or cash flows.

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS 146 "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the obligation is incurred rather than at the date of the exit plan. This Statement is effective for exit or disposal activities that are initiated after December 31, 2002. We do not believe that the adoption of SFAS 146 will have a material effect on either our financial position, results of operations or cash flows.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds, updates, clarifies and simplifies existing accounting pronouncements. Among other things, SFAS No. 145 rescinds SFAS No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. Under SFAS No. 145, the criteria in Accounting Principles Board No. 30 will now be used to classify those gains and losses. The adoption of this and the remaining provisions of SFAS 145 did not have a material effect on our financial position or results of operations. However, any future extinguishments of debt may impact income from continuing operations.

In June 2001, the FASB issued SFAS 143 "Asset Retirement Obligations." SFAS 143 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including (1) the time of the liability recognition, (2) initial measurement of the liability, (3) allocation of asset retirement cost to expense, (4) subsequent measurement of the liability and (5) financial statement disclosures. SFAS 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. We will adopt the statement effective January 1, 2003, as required. The transition adjustment resulting from the adoption of SFAS 143 will be reported as a cumulative effect of a change in accounting principle. Although we are in the process of evaluating the impact of adoption, we cannot reasonably estimate the effect of the adoption of this statement on either our financial position, results of operations or cash flows at this time.

Forward-Looking Statements and Associated Risks

All statements, other than statements of historical fact, included in this report are forward-looking statements, including, but not limited to, statements identified by the words "anticipate," "believe," "estimate," "expect," "plan," "intend" and "forecast," and similar expressions and statements regarding our business strategy, plans and objectives for future operations. These statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions. Certain factors could cause actual results to differ materially from results anticipated in the forward-looking statements. These factors include, but are not limited to:

- abrupt or severe production declines or production interruptions in outer continental shelf production located offshore California and transported on the All American Pipeline;
- declines in volumes shipped on the Basin Pipeline and our other pipelines by third party shippers;
- the availability of adequate supplies of and demand for crude oil in the areas in which we operate;
- the effects of competition;
- the success of our risk management activities;
- the impact of crude oil price fluctuations;
- the availability (or lack thereof) of acquisition or combination opportunities;
- successful integration and future performance of acquired assets;
- continued creditworthiness of, and performance by, counterparties;
- successful third party drilling efforts and completion of announced oil-sands projects;

- our levels of indebtedness and our ability to receive credit on satisfactory terms;
- shortages or cost increases of power supplies, materials or labor;
- weather interference with business operations or project construction;
- the impact of current and future laws and governmental regulations;
- the currency exchange rate of the Canadian dollar;
- environmental liabilities that are not covered by an indemnity or insurance;
- fluctuations in the debt and equity markets; and
- general economic, market or business conditions.

Other factors described herein, such as the recent disruption in industry credit markets discussed in Liquidity and Capital Resources and in Note 6 to the financial statements or factors that are unknown or unpredictable, could also have a material adverse effect on future results. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The information required herein is included in Note 2 of the Notes to the Consolidated Financial Statements.

Item 4. CONTROLS AND PROCEDURES

Under Exchange Act Rule 13a-15, which became effective August 29, 2002, we are required to maintain “disclosure controls and procedures,” as defined in Exchange Act Rule 13a-14(c). As a result of the rule, we have formalized our disclosure practices into a written “disclosure controls and procedures,” which we refer to as our “DCP.” The purpose of our DCP is to ensure that (i) information is recorded, processed, summarized and reported in time to allow for timely disclosure of such information in accordance with the securities laws and SEC regulations and (ii) information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosure. Our DCP is incremental to our system of internal accounting controls designed to comply with the requirements of Section 13(b)(2) of the Exchange Act.

Exchange Act Rule 13a-15 also requires an evaluation of the effectiveness of the design and operation of our DCP, within the 90-day period prior to filing any 10-Q or 10-K, under the supervision and with the participation of our management, including our Chief Executive Office and Chief Financial Officer. Management (including our Chief Executive Officer and Chief Financial Officer) has evaluated the effectiveness of the design and operation of our DCP within the last 90 days, and have found our DCP to be effective in producing the timely recording, processing, summarization and reporting of information, and in accumulation and communication of information to management to allow for timely decisions with regard to required disclosure.

In addition to the information concerning our DCP, we are required to discuss significant changes in our internal controls. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the last date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

We have recently commenced an effort to consolidate our internal auditing activities into a centralized function, and have hired a director of internal auditing to oversee that function. As we complete the consolidation of these activities over the next several months, we will make any additional enhancements to our controls and procedures that are deemed appropriate.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Export License Matter. In our marketing and gathering activities, we import and export crude oil from and to Canada. Our exports of crude oil are licensed under two export licenses from the Bureau of Industry and Security (the "BIS") of the U.S. Department of Commerce. We have determined that we may have exceeded the quantity of crude oil exports authorized by the licenses. Export of crude oil in excess of the authorized amounts is a violation of the Export Administration Regulations ("EAR"). On October 18, 2002, we submitted to the BIS an initial notification of voluntary disclosure. Upon completion of our internal inquiry, we will voluntarily submit additional information to the BIS. At this time, we have received no indication whether the BIS intends to charge us with a violation of the EAR or, if so, what penalties would be assessed. As a result, we cannot estimate the ultimate impact of these potential violations.

Other. We, in the ordinary course of business, are a claimant and/or a defendant in various other legal proceedings. We do 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, results of operations or cash flows.

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

Item. 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

4.1	Indenture dated as of September 25, 2002.
4.2	First Supplemental Indenture dated as of September 25, 2002.
4.3	Registration Rights Agreement dated September 25, 2002.
99.1	Certification of Chief Executive Officer of Plains All American Pipeline, L.P. pursuant to 18 U.S.C. Section 1350.
99.2	Certification of Chief Financial Officer of Plains All American Pipeline, L.P. pursuant to 18 U.S.C. Section 1350.

B. Reports on Form 8-K.

A current report on Form 8-K was filed on November 8, 2002, including as an exhibit the balance sheet of Plains AAP, L.P. as of June 30, 2002.

A current report on Form 8-KA was furnished on November 5, 2002, to correct certain information in the October 29, 2002, 8-K.

A current report on Form 8-K was furnished on October 29, 2002, in connection with disclosure of fourth quarter estimates and earnings guidance.

A current report on Form 8-K was filed on August 21, 2002, including as an exhibit an underwriting agreement with Goldman, Sachs & Co., Lehman Brothers Inc., Salomon Smith Barney Inc., UBS Warburg LLC, A.G. Edwards & Sons, Inc. and Wachovia Securities, Inc. in connection with the sale by the Partnership of 5,500,000 common units of the Partnership.

A current report on Form 8-K was filed on August 15, 2002, including as exhibits consents of PricewaterhouseCoopers LLP.

A current report on Form 8-K was filed on August 9, 2002, in connection with the certification by the Chief Executive Officer and the Chief Financial Officer pursuant to SEC Order 4-460.

A current report on Form 8-K was filed on August 9, 2002, in connection with the acquisition of assets from Shell Pipeline Company LP and Equilon Enterprises LLC.

A current report on Form 8-K was furnished on July 24, 2002, in connection with disclosure of third quarter estimates and earnings guidance.

SIGNATURES

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

PLAINS ALL AMERICAN PIPELINE, L.P.
By: PLAINS AAP, L.P., its general partner
By: PLAINS ALL AMERICAN GP LLC,
its general partner

Date: November 11, 2002

By: /s/ PHILLIP D. KRAMER

Phillip D. Kramer, Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 11, 2002

By: /s/ GREG L. ARMSTRONG

Greg L. Armstrong, Chairman of the Board, Chief Executive Officer and Director of Plains
All American GP LLC (Principal Executive Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PLAINS ALL AMERICAN PIPELINE, L.P.

I, Greg L. Armstrong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plains All American Pipeline, L.P.;

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 11, 2002

/s/ GREG L. ARMSTRONG

Greg L. Armstrong
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PLAINS ALL AMERICAN PIPELINE, L.P.

I, Phillip D. Kramer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plains All American Pipeline, L.P.;

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 11, 2002

/s/ PHILLIP D. KRAMER

Phillip D. Kramer
Chief Financial Officer

EXHIBIT 4.1

PLAINS ALL AMERICAN PIPELINE, L.P.,

PAA FINANCE CORP.

and

WACHOVIA BANK, NATIONAL ASSOCIATION

as Trustee

INDENTURE

Dated as of September 25, 2002

DEBT SECURITIES

(UNLIMITED)

TABLE OF CONTENTS

RECONCILIATION AND TIE BETWEEN
TRUST INDENTURE ACT OF 1939 AND INDENTURE

Trust Indenture Act Section	Indenture Section
ss.310(a)(1)	4.03, 7.10
(a)(2)	7.10
(b)	7.08, 7.10
ss.311(a)	7.11
(b)	7.11
ss.312(c)	5.02
ss.313(a)	5.04
(b)	5.04
(c)	5.04
ss.314(a)	5.03
(a)(4)	5.03, 4.05
(c)(1)	12.05
(c)(2)	12.05
(d)	not applicable
(e)	12.05
ss.315(a)	7.01, 7.02
(b)	6.07
(c)	6.02
(d)	7.01
(e)	6.08
ss.316(a)(1)(A)	6.06
(a)(1)(B)	6.01, 6.06
(b)	6.04
(c)	6.02, 6.03
ss.317(a)(1)	6.02
(a)(2)	6.02
(b)	7.05
ss.318(a)	1.03, 12.07

NOTE: THIS RECONCILIATION AND TIE SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE A PART OF THE INDENTURE.

INDENTURE dated as of September 25, 2002, among PLAINS ALL AMERICAN PIPELINE, L.P., a Delaware limited partnership (the "Partnership"), PAA FINANCE CORP., a Delaware corporation ("PAA Finance" and, together with the Partnership, the "Issuers"), and WACHOVIA BANK, NATIONAL ASSOCIATION (the "Trustee").

WITNESSETH:

WHEREAS, Plains All American GP LLC, a Delaware limited liability company (the "Managing General Partner"), as general partner of Plains AAP, L.P., a Delaware limited partnership (the "General Partner") and the general partner of the Partnership, and PAA Finance have duly authorized the execution and delivery of the Indenture to provide for the issuance from time to time of their debentures, notes, bonds or other evidences of indebtedness to be issued in one or more series in an unlimited aggregate principal amount (herein called the "Debt Securities"), as in the Indenture provided.

WHEREAS, all things necessary to make the Indenture a valid agreement of the Issuers, in accordance with its terms, have been done.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Issuers and the Trustee hereby agree with each other, for the equal and proportionate benefit of the respective Holders from time to time of the Debt Securities or any series thereof, as follows:

ARTICLE I

Definitions

SECTION 1.01. Certain Terms Defined. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of the Indenture and of any Indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. All other terms used in the Indenture which are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in the Trust Indenture Act and in the Securities Act as in force as of the date of original execution of the Indenture.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Board of Directors" means (a) with respect to the Partnership, the board of directors of the Managing General Partner, and (b) with respect to PAA Finance, its board of directors, or, in each case, with respect to any determination or resolution required or permitted to be made hereunder, any duly authorized committee or subcommittee of such board.

"Board Resolution" means a copy of a resolution certified by the appropriate person to have been duly adopted by the Board of Directors of the Managing General Partner and/or PAA Finance, as the case may be, and to be in full force and effect on the date of such certification.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Houston, Texas, the Borough of Manhattan, the City of New York, New York, or the city in which the Corporate Trust Office of the Trustee is located, are authorized or obligated by law or executive order to close.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Corporate Trust Office of the Trustee" means the principal corporate trust office of the Trustee, at which at any particular time its corporate trust business shall be administered, which office at the date of execution of the Indenture is located at 58478 San Felipe, Suite 1050, Houston, Texas, 77057, Attention: Corporate Trust Group.

"Currency" means Dollars or Foreign Currency.

"Debt Security" or "Debt Securities" has the meaning stated in the first recital of the Indenture and more particularly means any debt security or debt securities, as the case may be, of any series authenticated and delivered under the Indenture.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary" means, unless otherwise specified by the Issuers pursuant to either Section 2.03 or 2.15, with respect to registered Debt Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, The Depository Trust Company, New York, New York, or any successor thereto registered as a clearing agency under the Exchange Act or other applicable statute or regulations.

"Dollar" or "$" means such currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

"Dollar Equivalent" means, with respect to any monetary amount in a Foreign Currency, at any time for the determination thereof, the amount of Dollars obtained by converting such Foreign Currency involved in such computation into Dollars at the spot rate for the purchase of Dollars with the applicable Foreign Currency as quoted by Citibank, N.A. (unless another comparable financial institution is designated by the Issuers) in New York, New York at approximately 11:00 a.m. (New York time) on the date two business days prior to such determination.

"Equity Interests" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or a business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited);

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; and

(5) all warrants, options or other rights to acquire any of the interests described in clauses (1) through (4) above (but excluding any debt security that is convertible into, or exchangeable for, any of the interests described in clauses (1) through (4) above).

"Event of Default" has the meaning specified in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute.

"Floating Rate Security" means a Debt Security that provides for the payment of interest at a variable rate determined periodically by reference to an interest rate index specified pursuant to Section 2.03.

"Foreign Currency" means a currency issued or adopted by the government of any country other than the United States or a composite currency the value of which is determined by reference to the values of the currencies of any group of countries.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"General Partner" means Plains AAP, L.P., a Delaware limited partnership, and its successors and permitted assigns as general partner of the Partnership.

"Global Security" means with respect to any series of Debt Securities issued hereunder, a Debt Security that is executed by the Issuers and authenticated and delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction, all in accordance with the Indenture, or the applicable Board Resolution of each of the Issuers and set forth in an Officers' Certificate, which shall be registered in the name of the Depositary or its nominee and which shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, all the Outstanding Debt Securities of such series or any portion thereof, in either case having

the same terms, including, without limitation, the same original issue date, date or dates on which principal is due and interest rate or method of determining interest.

"Holder," "Holder of Debt Securities" or other similar terms mean, with respect to a Registered Security, the Registered Holder.

"Indenture" means this instrument as originally executed, or, if amended or supplemented as herein provided, as so amended or supplemented, and shall include the form and terms of particular series of Debt Securities as contemplated hereunder, whether or not a supplemental Indenture is entered into with respect thereto.

"Issuer Order" means a written order of the Issuers, signed by the Chairman of the Board of Directors, Chief Executive Officer, President or any Vice President of each of the Managing General Partner and PAA Finance and by the Treasurer, Secretary, any Assistant Treasurer or any Assistant Secretary of each of the Managing General Partner and PAA Finance.

"Issuers" means the Partnership and PAA Finance, and, subject to the provisions of Article X, shall also include their successors and permitted assigns.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, charge, security interest, hypothecation, assignment for security, claim, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof, any option or other agreement to grant a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute) of any jurisdiction, other than a precautionary financing statement respecting a lease not intended as a security agreement.

"Managing General Partner" means Plains All American GP LLC, a Delaware limited liability company, and its successors and permitted assigns as the general partner of the General Partner or as the business entity with the ultimate authority to manage the business and operations of the Partnership.

"Officers' Certificate" means a certificate signed by the Chairman of the Board of Directors, Chief Executive Officer, President or any Vice President of each of the Managing General Partner and PAA Finance and by the Treasurer, Secretary, any Assistant Treasurer or any Assistant Secretary of each of the Managing General Partner and PAA Finance. Each such certificate shall include the statements provided for in Section 12.05, if applicable.

"Opinion of Counsel" means an opinion in writing signed by legal counsel for the Issuers (which counsel may be an employee of the Issuers or outside counsel for the Issuers). Each such opinion shall include the statements provided for in Section 12.05, if applicable.

"Original Issue Discount Debt Security" means any Debt Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration of the maturity thereof pursuant to Section 6.01.

"Outstanding" when used with respect to any series of Debt Securities, means, as of the date of determination, all Debt Securities of that series theretofore authenticated and delivered under the Indenture, except:

(1) Debt Securities of that series theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(2) Debt Securities of that series for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any paying agent (other than the Partnership or PAA Finance) in trust or set aside and segregated in trust by the Issuers (if either of the Issuers shall act as its own paying agent) for the holders of such Debt Securities; provided, that, if such Debt Securities are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made; and

(3) Debt Securities of that series which have been paid pursuant to Section 2.09 or in exchange for or in lieu of which other Debt Securities have been authenticated and delivered pursuant to the Indenture, other than any such Debt Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Debt Securities are held by a bona fide purchaser in whose hands such Debt Securities are valid obligations of the Issuers;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Debt Securities of any series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Debt Securities owned by the Issuers or any other obligor upon the Debt Securities or any Subsidiary of the Issuers or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Debt Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Debt Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Debt Securities and that the pledgee is not one of the Issuers or any other obligor upon the Debt Securities or a Subsidiary of the Issuers or of such other obligor. In determining whether the Holders of the requisite principal amount of outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Debt Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01. In determining whether the Holders of the requisite principal amount of the Outstanding Debt Securities of any series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of a Debt Security denominated in one or more Foreign Currencies or currency units that shall be deemed to be Outstanding for such purposes shall be the Dollar Equivalent, determined in the manner provided as contemplated by Section 2.03 on the date of original issuance of such Debt Security, of the principal amount (or, in the case of any Original Issue Discount Security, the Dollar Equivalent on the date of original

issuance of such Security of the amount determined as provided in the preceding sentence above) of such Debt Security.

"PAA Finance" means PAA Finance Corp., a Delaware corporation, and, subject to the provisions of Article X, shall also include its successors and assigns.

"Partnership" means Plains All American Pipeline, L.P., a Delaware limited partnership, and, subject to the provisions of Article X, shall also include its successors and assigns.

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

"Place of Payment" means, when used with respect to the Debt Securities of any series, the place or places where the principal of, and premium, if any, and interest on, the Debt Securities of that series are payable as specified pursuant to Section 2.03.

"Registered Holder" means the Person in whose name a Registered Security is registered in the Debt Security Register (as defined in Section 2.07(a)).

"Registered Security" means any Debt Security registered as to principal and interest in the Debt Security Register (as defined in Section 2.07(a)).

"Registrar" has the meaning set forth in Section 2.07(a).

"Responsible Officer" when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee or any other officer of the Trustee performing functions similar to those performed by the persons who at the time shall be such officers, and any other officer of the Trustee to whom corporate trust matters are referred because of his knowledge of and familiarity with the particular subject, having responsibility for the administration of the trust created hereby.

"Securities Act" means the Securities Act of 1933, as amended, or any successor statute.

"Stated Maturity" means, at any time, with respect to any installment of interest or principal on any series of Debt Securities or other indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such indebtedness or such later date as such documentation shall provide at that time, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association or other business entity of which more than 50% of the Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (whether general or limited) or limited liability company (a) the sole general partner or the managing general partner or managing member of which is such Person or a Subsidiary of such Person, or (b) if there are more than a single general partner or member, either (i) the only general partners or managing members of which are such Person and/or one or more Subsidiaries of such Person (or any combination thereof) or (ii) such Person owns or controls, directly or indirectly, a majority of the outstanding general partner interests, member interests or other Voting Stock of such partnership or limited liability company, respectively.

"Trust Indenture Act" (except as herein otherwise expressly provided) means the Trust Indenture Act of 1939 as in force at the date of the Indenture as originally executed and, to the extent required by law, as amended, or any successor statute.

"Trustee" initially means Wachovia Bank, National Association, and any other Person or Persons appointed as such from time to time pursuant to Section 7.08, and, subject to the provisions of Article VII, includes its or their successors and assigns. If at any time there is more than one such Person, "Trustee" as used with respect to the Debt Securities of any series shall mean the Trustee with respect to the Debt Securities of that series.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States for the payment of which its full faith and credit is pledged; (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which, in either case, under clause (i) or (ii) above, are not callable or redeemable at the option of the issuer thereof; or (iii) depository receipts issued by a bank or trust company as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such depository receipt.

"Voting Stock" of any Person as of any date means the Equity Interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers, general partners or trustees of any Person (regardless of whether, at the time, Equity Interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

"Yield to Maturity" means the yield to maturity calculated at the time of issuance of a series of Debt Securities, or, if applicable, at the most recent redetermination of interest on such series and calculated in accordance with accepted financial practice.

SECTION 1.02. Other Definitions.

Term	Section in which Defined
"Debt Security Register"	2.07
"Defaulted Interest"	2.17
"Designated Currency"	2.18
"mandatory sinking fund payment"	3.04
"optional sinking fund payment"	3.04
"Successor Company"	10.01

SECTION 1.03. Incorporation by Reference of Trust Indenture Act. The Indenture is subject to the mandatory provisions of the Trust Indenture Act which are incorporated by reference in and made a part of the Indenture. The following Trust Indenture Act terms have the following meanings:

"indenture securities" means the Debt Securities,

"indenture security holder" means a Holder,

"indenture to be qualified" means the Indenture,

"indenture trustee" or "institutional trustee" means the Trustee, and

"obligor" on the indenture securities means the Issuers and any other obligor on the Debt Securities.

All other Trust Indenture Act terms used in the Indenture that are defined by the Trust Indenture Act, reference to another statute or defined by rules of the Commission have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation; and

(5) words in the singular include the plural and words in the plural include the singular.

ARTICLE II

Debt Securities

SECTION 2.01. Forms Generally. The Debt Securities of each series shall be in substantially the form established without the approval of any Holder by or pursuant to a Board Resolution of each of the Issuers or in one or more Indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as the Issuers may deem appropriate (and, if not contained in a supplemental Indenture entered into in accordance with Article IX, as are not prohibited by the provisions of the Indenture) or as may be required or appropriate to comply with any law or with any rules made pursuant thereto or with any rules of any securities exchange on which such series of Debt Securities may be listed, or to conform to general usage, or as may, consistently herewith, be determined by the officers executing such Debt Securities as evidenced by their execution of the Debt Securities.

The definitive Debt Securities of each series shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Debt Securities, as evidenced by their execution of such Debt Securities.

SECTION 2.02. Form of Trustee's Certificate of Authentication. The Trustee's Certificate of Authentication on all Debt Securities authenticated by the Trustee shall be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Debt Securities of the series designated therein referred to in the within-mentioned Indenture.

----------,
as Trustee

By

Authorized Signatory

Dated:

SECTION 2.03. Principal Amount; Issuable in Series.

The aggregate principal amount of Debt Securities which may be issued, executed, authenticated, delivered and outstanding under the Indenture is unlimited.

The Debt Securities may be issued in one or more series. There shall be established, without the approval of any Holders, in or pursuant to a Board Resolution of each of the Issuers and set forth in an Officers' Certificate of each of the Issuers, or established in one or more Indentures supplemental hereto, prior to the issuance of Debt Securities of any series any or all of the following:

(1) the title of the Debt Securities of the series (which shall distinguish the Debt Securities of the series from all other Debt Securities);

(2) any limit upon the aggregate principal amount of the Debt Securities of the series which may be authenticated and delivered under the Indenture (except for Debt Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Debt Securities of the series pursuant to this Article II);

(3) the date or dates on which the principal and premium, if any, of the Debt Securities of the series are payable;

(4) the rate or rates (which may be fixed or variable) at which the Debt Securities of the series shall bear interest, if any, or the method of determining such rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable, or the method by which such date will be determined, and in the case of Registered Securities, the record dates for the determination of Holders thereof to whom such interest is payable; and the basis upon which interest will be calculated if other than that of a 360-day year of twelve thirty-day months;

(5) the Place or Places of Payment, if any, in addition to or instead of the Corporate Trust Office of the Trustee where the principal of, and interest on, Debt Securities of the series shall be payable;

(6) the price or prices at which, the period or periods within which and the terms and conditions upon which Debt Securities of the series may be redeemed, in whole or in part, at the option of the Issuers or otherwise;

(7) the obligation, if any, of the Issuers to redeem, purchase or repay Debt Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof, and the price or prices at which and the period or periods within which and the terms and conditions upon which Debt Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

(8) the terms, if any, upon which the Debt Securities of the series may be convertible into or exchanged for Equity Interests, other Debt Securities or other securities of any kind of the Partnership, PAA Finance or any other obligor or issuer and the terms and conditions upon which such conversion or exchange shall be effected,

including the initial conversion or exchange price or rate, the conversion or exchange period and any other provision in addition to or in lieu of those described herein;

(9) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Debt Securities of the series shall be issuable;

(10) if the amount of principal of or any premium or interest on Debt Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts will be determined;

(11) if the principal amount payable at the Stated Maturity of Debt Securities of the series will not be determinable as of any one or more dates prior to such Stated Maturity, the amount which will be deemed to be such principal amount as of any such date for any purpose, including the principal amount thereof which will be due and payable upon any maturity other than the Stated Maturity or which will be deemed to be Outstanding as of any such date (or, in any such case, the manner in which such deemed principal amount is to be determined); and the manner of determining the equivalent thereof in the currency of the United States of America for purposes of the definition of Dollar Equivalent;

(12) any changes or additions to Article XI;

(13) if other than Dollars, the coin or Currency or Currencies or units of two or more Currencies in which payment of the principal of and premium, if any, and interest on, Debt Securities of the series shall be payable;

(14) if other than the principal amount thereof, the portion of the principal amount of Debt Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.01 or provable in bankruptcy pursuant to Section 6.02;

(15) the terms, if any, of the transfer, mortgage, pledge or assignment as security for the Debt Securities of the series of any properties, assets, moneys, proceeds, securities or other collateral, including whether certain provisions of the Trust Indenture Act are applicable and any corresponding changes to provisions of the Indenture as currently in effect;

(16) any addition to or change in the Events of Default with respect to the Debt Securities of the series and any change in the right of the Trustee or the Holders to declare the principal of and interest on, such Debt Securities due and payable;

(17) if the Debt Securities of the series shall be issued in whole or in part in the form of a Global Security or Securities, the terms and conditions, if any, upon which such Global Security or Securities may be exchanged in whole or in part for other individual Debt Securities in definitive registered form; and the Depositary for such Global Security or Securities and the form of any legend or legends to be borne by any such Global Security or Securities in addition to or in lieu of the legend referred to in Section 2.15;

(18) any trustees, authenticating or paying agents, transfer agents or registrars;

(19) the applicability of, and any addition to or change in the covenants and definitions currently set forth in the Indenture or in the terms currently set forth in Article X, including conditioning any merger, conveyance, transfer or lease permitted by Article X upon the satisfaction of an indebtedness coverage standard by the Issuers and any Successor Company (as defined in Article X);

(20) the terms, if any, of any guarantee of the payment of principal of, and premium, if any, and interest on, Debt Securities of the series and any corresponding changes to the provisions of the Indenture as currently in effect;

(21) with regard to Debt Securities of the series that do not bear interest, the dates for certain required reports to the Trustee;

(22) any other terms of the Debt Securities of the series (which terms shall not be prohibited by the provisions of the Indenture); and

(23) applicable CUSIP Numbers.

All Debt Securities of any one series appertaining thereto shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolutions and as set forth in such Officers' Certificates or in any such Indenture supplemental hereto.

SECTION 2.04. Execution of Debt Securities. The Debt Securities shall be signed on behalf of the Partnership by the Chairman of the Board of Directors, the Chief Executive Officer, President or a Vice President of the Managing General Partner, and shall be signed on behalf of PAA Finance by its Chairman of the Board of Directors, its Chief Executive Officer, President or a Vice President. Such signatures upon the Debt Securities may be the manual or facsimile signatures of the present or any future such authorized officers and may be imprinted or otherwise reproduced on the Debt Securities. The seals of the Issuers, if any, may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Debt Securities.

Only such Debt Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, signed manually by the Trustee, shall be entitled to the benefits of the Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Debt Security executed by the Issuers shall be conclusive evidence that the Debt Security so authenticated has been duly authenticated and delivered hereunder.

In case any officer of either of the Managing General Partner or PAA Finance who shall have signed any of the Debt Securities shall cease to be such officer before the Debt Securities so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Issuers, such Debt Securities nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Debt Securities had not ceased to be such officer of the Managing General Partner or PAA Finance; and any Debt Security may be signed on behalf of

the Issuers by such Persons as, at the actual date of the execution of such Debt Security, shall be the proper officers of the Managing General Partner or PAA Finance, as applicable, although at the date of such Debt Security or of the execution of the Indenture any such Person was not such officer.

SECTION 2.05. Authentication and Delivery of Debt Securities. At any time and from time to time after the execution and delivery of the Indenture, the Issuers may deliver Debt Securities of any series executed by the Issuers to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Debt Securities to or upon an Issuer Order. The Debt Securities shall be dated the date of their authentication. In authenticating such Debt Securities and accepting the additional responsibilities under the Indenture in relation to such Debt Securities, the Trustee shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon:

(1) a copy of any Board Resolution of each of the Issuers, certified by the Secretary or Assistant Secretary of each of the Issuers, authorizing the terms of issuance of any series of Debt Securities;

(2) an executed supplemental Indenture, if any;

(3) an Officers' Certificate; and

(4) an Opinion of Counsel prepared in accordance with Section 12.05 substantially to the effect that:

(a) the form of such Debt Securities has been established by or pursuant to a Board Resolution of each of the Issuers or by a supplemental Indenture as permitted by Section 2.01 in conformity with the provisions of the Indenture;

(b) the terms of such Debt Securities have been established by or pursuant to a Board Resolution of each of the Issuers or by a supplemental Indenture as permitted by Section 2.03 in conformity with the provisions of the Indenture; and

(c) such Debt Securities, when authenticated and delivered by the Trustee and issued by the Issuers in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Issuers, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

Such Opinion of Counsel need express no opinion as to whether a court in the United States would render a money judgment in a Currency other than Dollars.

The Trustee shall have the right to decline to authenticate and deliver any Debt Securities under this Section 2.05 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee or a trust committee of directors, trustees or vice presidents shall determine that such action would expose the Trustee to personal liability to existing Holders.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuers to authenticate Debt Securities of any series. Unless limited by the terms of such appointment, an authenticating agent may authenticate Debt Securities whenever the Trustee may do so. Each reference in the Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, paying agent or agent for service of notices and demands.

SECTION 2.06. Denomination of Debt Securities. Unless otherwise provided in the form of Debt Security for any series, the Debt Securities of each series shall be issuable only as Registered Securities in such denominations as shall be specified or contemplated by Section 2.03. In the absence of any such specification with respect to the Debt Securities of any series, the Debt Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

SECTION 2.07. General Provisions for Registration of Transfer and Exchange. (a) The Issuers shall keep or cause to be kept a register for each series of Registered Securities issued hereunder (hereinafter collectively referred to as the "Debt Security Register"), in which, subject to such reasonable regulations as they may prescribe, the Issuers shall provide for the registration of Registered Securities and the transfer of Registered Securities as in this Article II provided. At all reasonable times the Debt Security Register shall be open for inspection by the Trustee. Subject to Section 2.15, upon due presentment for registration of transfer of any Registered Security at any office or agency to be maintained by the Issuers in accordance with the provisions of Section 4.02, the Issuers shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Registered Security or Registered Securities of authorized denominations for a like aggregate principal amount.

Unless and until otherwise determined by a Board Resolution of each of the Issuers, the register of the Issuers for the purpose of registration, exchange or registration of transfer of the Registered Securities shall be kept at the Corporate Trust Office of the Trustee and, for this purpose, the Trustee shall be designated "Registrar". No prior notice to the Holders of Debt Securities is required to effect the designation of a substitute Registrar by the Issuers.

Registered Securities of any series (other than a Global Security) may be exchanged for a like aggregate principal amount of Registered Securities of the same series of other authorized denominations. Subject to Section 2.15, Registered Securities to be exchanged shall be surrendered at the office or agency to be maintained by the Issuers as provided in Section 4.02, and the Issuers shall execute and the Trustee shall authenticate and deliver in exchange therefor the Registered Security or Registered Securities that the Holder making the exchange shall be entitled to receive.

(b) All Registered Securities presented or surrendered for registration of transfer, exchange or payment shall (if so required by the Issuers, the Trustee or the Registrar) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Issuers, the Trustee and the Registrar, duly executed by the Registered Holder or his attorney duly authorized in writing.

All Debt Securities issued in exchange for or upon transfer of Debt Securities shall be the legal, valid and binding obligations of the Issuers, evidencing the same debt, and entitled to the same benefits under the Indenture as the Debt Securities surrendered for such exchange or transfer.

No service charge shall be made for any exchange or registration of transfer of Debt Securities (except as provided by Section 2.09), but the Issuers may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto, other than those expressly provided in the Indenture to be made at the Issuers' own expense or without expense or without charge to the Holders.

The Issuers shall not be required (a) to issue, register the transfer of or exchange any Debt Securities (i) for a period of 15 days next preceding any selection for redemption or repurchase of Debt Securities of such series or (ii) between a record date and the next succeeding interest payment date, or (b) to register the transfer of or exchange any Debt Securities selected, called or being called for redemption or repurchase (except, in the case of Debt Securities to be redeemed or repurchased in part, the portion not to be redeemed or repurchased).

Specific procedures for registration of transfer and exchange of any series of Debt Securities may be set forth in the applicable supplemental Indenture for such Debt Securities.

SECTION 2.08. Temporary Debt Securities. Pending the preparation of definitive Debt Securities of any series, the Issuers may execute and the Trustee shall authenticate and deliver temporary Debt Securities (printed, lithographed, photocopied, typewritten or otherwise produced) of any authorized denomination, and substantially in the form of the definitive Debt Securities in lieu of which they are issued, and with such omissions, insertions and variations as may be appropriate for temporary Debt Securities, all as may be determined by the Issuers with the concurrence of the Trustee. Temporary Debt Securities may contain such reference to any provisions of the Indenture as may be appropriate. Every temporary Debt Security shall be executed by the Issuers and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Debt Securities.

If temporary Debt Securities of any series are issued, the Issuers will cause definitive Debt Securities of such series to be prepared without unreasonable delay. After the preparation of definitive Debt Securities of such series, the temporary Debt Securities of such series shall be exchangeable for definitive Debt Securities of such series upon surrender of the temporary Debt Securities of such series at the office or agency of the Issuers at a Place of Payment for such series, without charge to the Holder thereof, except as provided in Section 2.07 in connection with a transfer, and upon surrender for cancellation of any one or more temporary

Debt Securities of any series, the Issuers shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Debt Securities of the same series of authorized denominations and of like tenor. Until so exchanged, temporary Debt Securities of any series shall in all respects be entitled to the same benefits under the Indenture as definitive Debt Securities of such series, except as otherwise specified as contemplated by Section 2.03(17) with respect to the payment of interest on Global Securities in temporary form.

Upon any exchange of a portion of a temporary Global Security for a definitive Global Security or for the individual Debt Securities represented thereby pursuant to Section 2.07 or this Section 2.08, the temporary Global Security shall be endorsed by the Trustee to reflect the reduction of the principal amount evidenced thereby, whereupon the principal amount of such temporary Global Security shall be reduced for all purposes by the amount so exchanged and endorsed.

SECTION 2.09. Mutilated, Destroyed, Lost or Stolen Debt Securities. If (i) any mutilated Debt Security is surrendered to the Trustee at the Corporate Trust Office of the Trustee (in the case of Registered Securities) or (ii) the Issuers and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Debt Security, and there is delivered to the Issuers and the Trustee such security or indemnity as may be required by them to save each of them and any paying agent harmless, and neither the Issuers nor the Trustee receives written notice that such Debt Security has been acquired by a bona fide purchaser, then the Issuers shall execute and, upon an Issuer Order, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Debt Security, a new Debt Security of the same series of like tenor, form, terms and principal amount, bearing a number not contemporaneously Outstanding. Upon the issuance of any substituted Debt Security, the Issuers may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Debt Security which has matured or is about to mature or which has been called for redemption shall become mutilated or be destroyed, lost or stolen, the Issuers may, instead of issuing a substituted Debt Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Debt Security) if the applicant for such payment shall furnish the Issuers and the Trustee with such security or indemnity as either may require to save it harmless from all risk, however remote, and, in case of destruction, loss or theft, evidence to the satisfaction of the Issuers and the Trustee of the destruction, loss or theft of such Debt Security and of the ownership thereof.

Every substituted Debt Security of any series issued pursuant to the provisions of this Section 2.09 by virtue of the fact that any Debt Security is destroyed, lost or stolen shall constitute an original additional contractual obligation of the Issuers, whether or not the destroyed, lost or stolen Debt Security shall be found at any time, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Debt Securities of that series duly issued hereunder. All Debt Securities shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Debt Securities, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with

respect to the replacement or payment of negotiable instruments or other securities without their surrender, in each case to the fullest extent permitted by law.

SECTION 2.10. Cancellation of Surrendered Debt Securities. All Debt Securities surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to the Issuers or any paying agent or a Registrar, be delivered to the Trustee for cancellation by it, or if surrendered to the Trustee, shall be canceled by it, and no Debt Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of the Indenture. All canceled Debt Securities held by the Trustee shall be disposed of by the Trustee in its customary manner. On request of the Issuers, the Trustee shall deliver to the Issuers canceled Debt Securities held by the Trustee. If the Issuers shall acquire any of the Debt Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented thereby unless and until the same are delivered or surrendered to the Trustee for cancellation. The Issuers may not issue new Debt Securities to replace Debt Securities it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.11. Provisions of the Indenture and Debt Securities for the Sole Benefit of the Parties and the Holders. Nothing in the Indenture or in the Debt Securities, expressed or implied, shall give or be construed to give to any Person, other than the parties hereto, the Holders or any Registrar or paying agent, any legal or equitable right, remedy or claim under or in respect of the Indenture, or under any covenant, condition or provision herein contained, all its covenants, conditions and provisions being for the sole benefit of the parties hereto, the Holders and any Registrar and paying agents.

SECTION 2.12. Payment of Interest; Rights Preserved. (a) Interest on any Registered Security that is payable and is punctually paid or duly provided for on any interest payment date shall be paid to the Person in whose name such Registered Security is registered at the close of business on the regular record date for such interest notwithstanding the cancellation of such Registered Security upon any transfer or exchange subsequent to the regular record date. Payment of interest on Registered Securities shall be made at the Corporate Trust Office of the Trustee (except as otherwise specified pursuant to Section 2.03), or at the option of the Issuers, by check mailed to the address of the Person entitled thereto as such address shall appear in the Debt Security Register or, if provided pursuant to Section 2.03 and in accordance with arrangements satisfactory to the Trustee, at the option of the Registered Holder by wire transfer to an account designated by the Registered Holder.

(b) Subject to the foregoing provisions of this Section 2.12 and Section 2.17, each Debt Security of a particular series delivered under the Indenture upon registration of transfer of or in exchange for or in lieu of any other Debt Security of the same series shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Debt Security.

SECTION 2.13. Securities Denominated in Foreign Currencies.

(a) Except as otherwise specified pursuant to Section 2.03 for Registered Securities of any series, payment of the principal of, and premium, if any, and interest on, Registered Securities of such series will be made in Dollars.

(b) For the purposes of calculating the principal amount of Debt Securities of any series denominated in a Foreign Currency or in units of two or more Foreign Currencies for any purpose under the Indenture, the principal amount of such Debt Securities at any time Outstanding shall be deemed to be the Dollar Equivalent of such principal amount as of the date of any such calculation.

In the event any Foreign Currency or currencies or units of two or more Currencies in which any payment with respect to any series of Debt Securities may be made ceases to be a freely convertible Currency on United States Currency markets, for any date thereafter on which payment of principal of, or premium, if any, or interest on, the Debt Securities of a series is due, the Issuers shall select the Currency of payment for use on such date, all as provided in the Debt Securities of such series. In such event, the Issuers shall, as provided in the Debt Securities of such series, notify the Trustee of the Currency which they have selected to constitute the funds necessary to meet the Issuers' obligations or such payment date and of the amount of such Currency to be paid. Such amount shall be determined as provided in the Debt Securities of such series. The payment to the Trustee with respect to such payment date shall be made by the Issuers solely in the Currency so selected.

SECTION 2.14. Wire Transfers. Notwithstanding any other provision to the contrary in the Indenture, the Issuers may make any payment of monies required to be deposited with the Trustee on account of principal of, or premium, if any, or interest on, the Debt Securities (whether pursuant to optional or mandatory redemption payments, interest payments or otherwise) by wire transfer of immediately available funds to an account designated by the Trustee on or before the date such moneys are to be paid to the Holders of the Debt Securities in accordance with the terms hereof.

SECTION 2.15. Securities Issuable in the Form of a Global Security. (a) If the Issuers shall establish pursuant to Sections 2.01 and 2.03 that the Debt Securities of a particular series are to be issued in whole or in part in the form of one or more Global Securities, then the Issuers shall execute and the Trustee or its agent shall, in accordance with Section 2.05, authenticate and deliver, such Global Security or Securities, which (i) shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, the Outstanding Debt Securities of such series to be represented by such Global Security or Securities, or such portion thereof as the Issuers shall specify in an Officers' Certificate, (ii) shall be registered in the name of the Depositary for such Global Security or securities or its nominee, (iii) shall be delivered by the Trustee or its agent to the Depositary or pursuant to the Depositary's instruction and (iv) shall bear a legend substantially to the following effect: "Unless and until it is exchanged in whole or in part for the individual Debt Securities represented hereby, this Global Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or

any such nominee to a successor Depositary or a nominee of such successor Depositary", or such other legend as may then be required by the Depositary for such Global Security or Securities.

(b) Notwithstanding any other provision of this Section 2.15 or of Section 2.07 to the contrary, and subject to the provisions of paragraph (c) below, unless the terms of a Global Security expressly permit such Global Security to be exchanged in whole or in part for definitive Debt Securities in registered form, a Global Security may be transferred, in whole but not in part and in the manner provided in Section 2.07, only by the Depositary to a nominee of the Depositary for such Global Security, or by a nominee of the Depositary to the Depositary or another nominee of the Depositary, or by the Depositary or a nominee of the Depositary to a successor Depositary for such Global Security selected or approved by the Issuers, or to a nominee of such successor Depositary.

(c) (i) If at any time the Depositary for a Global Security or Securities notifies the Issuers that it is unwilling or unable to continue as Depositary for such Global Security or Securities or if at any time the Depositary for the Debt Securities for such series shall no longer be eligible or in good standing under the Exchange Act or other applicable statute, rule or regulation, the Issuers shall appoint a successor Depositary with respect to such Global Security or Securities. If a successor Depositary for such Global Security or Securities is not appointed by the Issuers within 90 days after the Issuers receive such notice or become aware of such ineligibility, the Issuers shall execute, and the Trustee or its agent, upon receipt of an Issuer Order for the authentication and delivery of such individual Debt Securities of such series in exchange for such Global Security, will authenticate and deliver, individual Debt Securities of such series of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of the Global Security in exchange for such Global Security or Securities.

(ii) The Issuers may at any time and in their sole discretion determine that the Debt Securities of any series or portion thereof issued or issuable in the form of one or more Global Securities shall no longer be represented by such Global Security or Securities. In such event the Issuers will execute, and the Trustee, upon receipt of an Issuer Order for the authentication and delivery of individual Debt Securities of such series in exchange in whole or in part for such Global Security, will authenticate and deliver individual Debt Securities of such series of like tenor and terms in definitive form in an aggregate principal amount equal to the principal amount of such series or portion thereof in exchange for such Global Security or Securities.

(iii) If specified by the Issuers pursuant to Sections 2.01 and 2.03 with respect to Debt Securities issued or issuable in the form of a Global Security, the Depositary for such Global Security may surrender such Global Security in exchange in whole or in part for individual Debt Securities of such series of like tenor and terms in definitive form on such terms as are acceptable to the Issuers, the Trustee and such Depositary. Thereupon the Issuers shall execute, and the Trustee or its agent upon receipt of an Issuer Order for the authentication and delivery of definitive Debt Securities of such series shall authenticate and deliver, without service charge, (1) to each Person specified by such Depositary a new Debt Security or Securities of the same series of like tenor and terms and of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Security, and (2) to such Depositary a new Global Security of like tenor

and terms and in an authorized denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of Debt Securities delivered to Holders thereof, unless the Global Security being exchanged is endorsed by the Trustee or other custodian to reflect a reduction of such aggregate principal amount, in which case no new Global Security shall be authenticated and delivered.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuers will execute and the Trustee or its agent will authenticate and deliver individual Debt Securities. Upon the exchange of the entire principal amount of a Global Security for individual Debt Securities, such Global Security shall be canceled by the Trustee or its agent. Except as provided in the preceding paragraph, Registered Securities issued in exchange for a Global Security pursuant to this Section 2.15 shall be registered in such names and in such authorized denominations as the Depositary for such Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or the Registrar. The Trustee or the Registrar shall deliver such Registered Securities to the Persons in whose names such Registered Securities are so registered.

(v) Payments in respect of the principal of and interest on any Debt Securities registered in the name of the Depositary or its nominee will be payable to the Depositary or such nominee in its capacity as the registered owner of such Global Security. The Issuers and the Trustee may treat the Person in whose name the Debt Securities, including the Global Security, are registered as the owner thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. None of the Issuers, the Trustee, any Registrar, the paying agent or any agent of the Issuers or the Trustee will have any responsibility or liability for (a) any aspect of the records relating to or payments made on account of the beneficial ownership interests of the Global Security by the Depositary or its nominee or any of the Depositary's direct or indirect participants, or for maintaining, supervising or reviewing any records of the Depositary, its nominee or any of the Depositary's direct or indirect participants relating to the beneficial ownership interests of the Global Security, (b) the payments to the beneficial owners of the Global Security of amounts paid to the Depositary or its nominee, or (c) any other matter relating to the actions and practices of the Depositary, its nominee or any of the Depositary's direct or indirect participants. None of the Issuers, the Trustee or any such agent will be liable for any delay by the Depositary, its nominee, or any of the Depositary's direct or indirect participants in identifying the beneficial owners of the Debt Securities, and the Issuers and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the Depositary or its nominee for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Debt Securities to be issued).

SECTION 2.16. Medium Term Securities. Notwithstanding any contrary provision herein, if all Debt Securities of a series are not to be originally issued at one time, it shall not be necessary for the Issuers to deliver to the Trustee an Officers' Certificate, a Board Resolution, a supplemental Indenture, an Opinion of Counsel or a written order or any other document otherwise required pursuant to Section 2.01, 2.03, 2.05 or 12.05 at or prior to the time of authentication of each Debt Security of such series if such documents are delivered to the Trustee or its agent at or prior to the authentication upon original issuance of the first such Debt Security of such series to be issued; provided, that any subsequent

request by the Issuers to the Trustee to authenticate Debt Securities of such series upon original issuance shall constitute a representation and warranty by the Issuers that, as of the date of such request, the statements made in the Officers' Certificate delivered pursuant to Section 2.05 or 12.05 shall be true and correct as if made on such date and that the Opinion of Counsel delivered at or prior to such time of authentication of an original issuance of Debt Securities shall specifically state that it shall relate to all subsequent issuances of Debt Securities of such series that are identical to the Debt Securities issued in the first issuance of Debt Securities of such series.

An Issuer Order delivered by the Issuers to the Trustee in the circumstances set forth in the preceding paragraph may provide that Debt Securities which are the subject thereof will be authenticated and delivered by the Trustee or its agent on original issue from time to time upon the written order of Persons designated in such written order and that such Persons are authorized to determine, consistent with the Officers' Certificates, supplemental Indenture or the applicable Board Resolutions relating to such written order, such terms and conditions of such Debt Securities as are specified in such Officers' Certificates, supplemental Indenture or such Board Resolutions.

SECTION 2.17. Defaulted Interest. Any interest on any Debt Security of a particular series which is payable, but is not punctually paid or duly provided for, on the dates and in the manner provided in the Debt Securities of such series and in the Indenture (herein called "Defaulted Interest") shall forthwith cease to be payable to the Registered Holder thereof on the relevant record date by virtue of having been such Registered Holder, and such Defaulted Interest may be paid by the Issuers, at their election in each case, as provided in clause (i) or (ii) below:

(i) The Issuers may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner: The Issuers shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Registered Security of such series and the date of the proposed payment, and at the same time the Issuers shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuers of such special record date and, in the name and at the expense of the Issuers, shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first class postage prepaid, to each Holder thereof at its address as it appears in the Debt Security Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been so mailed,

such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series are registered at the close of business on such special record date.

(ii) The Issuers may make payment of any Defaulted Interest on the Registered Securities of such series in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Registered Securities of such series may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuers to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

SECTION 2.18. Judgments. The Issuers may provide pursuant to Section 2.03 for Debt Securities of any series that (a) the obligation, if any, of the Issuers to pay the principal of, and premium, if any, and interest on, the Debt Securities of any series in a Foreign Currency or Dollars (the "Designated Currency") as may be specified pursuant to Section 2.03 is of the essence and agrees that, to the fullest extent possible under applicable law, judgments in respect of Debt Securities of such series shall be given in the Designated Currency; (b) the obligation of the Issuers to make payments in the Designated Currency of the principal of, and premium, if any, and interest on, such Debt Securities shall, notwithstanding any payment in any other Currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the Designated Currency that the Holder receiving such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other Currency (after any premium and cost exchange) on the business day in the country of issue of the Designated Currency or in the international banking community (in the case of a composite currency) immediately following the day on which such Holder receives such payment; (c) if the amount in the Designated Currency that may be so purchased for any reason falls short of the amount originally due, the Issuers shall pay such additional amounts as may be necessary to compensate for such shortfall; and (d) any obligation of the Issuers not discharged by such payment shall be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

SECTION 2.19. CUSIP Numbers. The Issuers in issuing the Debt Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Debt Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Debt Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuers will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE III

Redemption of Debt Securities

SECTION 3.01. Applicability of Article. The provisions of this Article shall be applicable to the Debt Securities of any series which are redeemable before their Stated Maturity except as otherwise specified as contemplated by Section 2.03 for Debt Securities of such series.

SECTION 3.02. Notice of Redemption; Selection of Debt Securities. In case the Issuers shall desire to exercise the right to redeem all or, as the case may be, any part of the Debt Securities of any series in accordance with their terms, a Board Resolution of each Issuer or a supplemental Indenture, the Issuers shall fix a date for redemption and shall give notice of such redemption at least 30 and not more than 60 days prior to the date fixed for redemption to the Holders of Debt Securities of such series so to be redeemed as a whole or in part, in the manner provided in Section 12.03. The notice may not be conditional. The notice if given in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, failure to give such notice or any defect in the notice to the Holder of any Debt Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Debt Security of such series.

Each such notice of redemption shall specify the amount of Debt Securities of any series to be redeemed, the date fixed for redemption, the calculation of the redemption price at which Debt Securities of such series are to be redeemed (but not the redemption price itself if it is not then determinable), the Place or Places of Payment that payment will be made upon presentation and surrender of such Debt Securities, that any interest accrued to the date fixed for redemption will be paid as specified in said notice, that the redemption is for a sinking fund payment (if applicable), that on and after said date any interest thereon or on the portions thereof to be redeemed will cease to accrue, that in the case of Original Issue Discount Securities original issue discount accrued after the date fixed for redemption will cease to accrue, the terms of the Debt Securities of that series pursuant to which the Debt Securities of that series are being redeemed and that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Debt Securities of that series. If less than all the Debt Securities of a series are to be redeemed the notice of redemption shall specify the CUSIP numbers of the Debt Securities of that series to be redeemed. In case any Debt Security of a series is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Debt Security, a new Debt Security or Debt Securities of that series will be issued in principal amount equal to the unredeemed portion thereof.

At least 60 days before the redemption date, unless the Trustee consents to a shorter period, the Issuers shall give written notice to the Trustee of the redemption date, the principal amount of Debt Securities to be redeemed and the series and terms of the Debt Securities pursuant to which such redemption will occur. Such notice shall be accompanied by

an Officers' Certificate and an Opinion of Counsel to the effect that such redemption will comply with the conditions herein. If fewer than all the Debt Securities of a series are to be redeemed, the record date relating to such redemption shall be selected by the Issuers and given to the Trustee, which record date shall be not less than 15 days after the date of notice to the Trustee.

No later than 11:00 a.m., New York City time, on the redemption date for any Debt Securities, the Issuers shall deposit with the Trustee or with a paying agent (or, if the Partnership or PAA Finance is acting as its own paying agent, segregate and hold in trust) an amount of money in the Currency in which such Debt Securities are denominated (except as provided pursuant to Section 2.03) sufficient to pay the redemption price of such Debt Securities or any portions thereof that are to be redeemed on that date.

If less than all the Debt Securities of like tenor and terms of a series are to be redeemed (other than pursuant to mandatory sinking fund redemptions), the Trustee shall select the Debt Securities of that series or portions thereof (in multiples of $1,000) to be redeemed (i) if such Debt Securities are listed on an exchange, in compliance with the requirements of the principal national securities exchange on which such Debt Securities are listed, or (ii) if such Debt Securities are not listed on an exchange or such exchange has no selection requirements, on a pro rata basis, by lot or by such other method as in its sole discretion the Trustee shall deem appropriate and fair. In any case where more than one Debt Security of such series is registered in the same name, the Trustee in its discretion may treat the aggregate principal amount so registered as if it were represented by one Debt Security of such series. The Trustee shall promptly notify the Issuers in writing of the Debt Securities selected for redemption and, in the case of any Debt Securities selected for partial redemption, the principal amount thereof to be redeemed. If any Debt Security called for redemption shall not be so paid upon surrender thereof on such redemption date, the principal, premium, if any, and interest shall bear interest until paid from the redemption date at the rate borne by the Debt Securities of that series. If less than all the Debt Securities of unlike tenor and terms of a series are to be redeemed, the particular Debt Securities to be redeemed shall be selected by the Issuers. Provisions of the Indenture that apply to Debt Securities called for redemption also apply to portions of Debt Securities called for redemption.

SECTION 3.03. Payment of Debt Securities Called for Redemption. If notice of redemption has been given as provided in Section 3.02, the Debt Securities or portions of Debt Securities of the series with respect to which such notice has been given shall become due and payable on the date and at the Place or Places of Payment stated in such notice at the applicable redemption price, together with any interest accrued to the date fixed for redemption, and on and after said date (unless the Issuers shall default in the payment of such Debt Securities at the applicable redemption price, together with any interest accrued to said date) any interest on the Debt Securities or portions of Debt Securities of any series so called for redemption shall cease to accrue and any original issue discount in the case of Original Issue Discount Securities shall cease to accrue. On presentation and surrender of such Debt Securities at the Place or Places of Payment in said notice specified, the said Debt Securities or the specified portions thereof shall be paid and redeemed by the Issuers at the applicable redemption price, together with any interest accrued thereon to the date fixed for redemption.

Any Debt Security that is to be redeemed only in part shall be surrendered at the Corporate Trust Office of the Trustee or such other office or agency of the Issuers as is specified pursuant to Section 2.03, if the Issuers, the Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuers, the Registrar and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing, and the Issuers shall execute, and the Trustee shall authenticate and deliver to the Holder of such Debt Security without service charge, a new Debt Security or Debt Securities of the same series, of like tenor and form, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Debt Security so surrendered; except that if a Global Security is so surrendered, the Issuers shall execute, and the Trustee shall authenticate and deliver to the Depositary for such Global Security, without service charge, a new Global Security in a denomination equal to and in exchange for the unredeemed portion of the principal of the Global Security so surrendered. In the case of a Debt Security providing appropriate space for such notation, at the option of the Holder thereof, the Trustee, in lieu of delivering a new Debt Security or Debt Securities as aforesaid, may make a notation on such Debt Security of the payment of the redeemed portion thereof.

SECTION 3.04. Mandatory and Optional Sinking Funds. The minimum amount of any sinking fund payment provided for by the terms of Debt Securities of any series, a Board Resolution of each Issuer or a supplemental Indenture is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Debt Securities of any series, a Board Resolution of each Issuer or a supplemental Indenture is herein referred to as an "optional sinking fund payment."

In lieu of making all or any part of any mandatory sinking fund payment with respect to any Debt Securities of a series in cash, the Issuers may at their option (a) deliver to the Trustee Debt Securities of that series theretofore purchased or otherwise acquired by the Issuers or (b) receive credit for the principal amount of Debt Securities of that series which have been redeemed either at the election of the Issuers pursuant to the terms of such Debt Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Debt Securities, Board Resolution of each Issuer or supplemental Indenture; provided, that such Debt Securities have not been previously so credited. Such Debt Securities shall be received and credited for such purpose by the Trustee at the redemption price specified in such Debt Securities, the applicable Board Resolution of each Issuer or supplemental Indenture for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 3.05. Redemption of Debt Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any series of Debt Securities, the Issuers will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, any Board Resolution or supplemental Indenture, the portion thereof, if any, which is to be satisfied by payment of cash in the Currency in which the Debt Securities of such series are denominated (except as provided pursuant to Section 2.03) and the portion thereof, if any, which is to be

satisfied by delivering and crediting Debt Securities of that series pursuant to this Section 3.05 (which Debt Securities, if not previously redeemed, will accompany such certificate) and whether the Issuers intend to exercise their right to make any permitted optional sinking fund payment with respect to such series. Such certificate shall also state that no Event of Default has occurred and is continuing with respect to such series. Such certificate shall be irrevocable and upon its delivery the Issuers shall be obligated to make the cash payment or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Issuers to deliver such certificate (or to deliver the Debt Securities specified in this paragraph) shall not constitute a Default, but such failure shall require that the sinking fund payment due on the next succeeding sinking fund payment date for that series shall be paid entirely in cash and shall be sufficient to redeem the principal amount of such Debt Securities subject to a mandatory sinking fund payment without the option to deliver or credit Debt Securities as provided in this Section 3.05 and without the right to make any optional sinking fund payment, if any, with respect to such series.

Any sinking fund payment or payments (mandatory or optional) made in cash plus any unused balance of any preceding sinking fund payments made in cash which shall equal or exceed $100,000 (or a lesser sum if the Issuers shall so request) with respect to the Debt Securities of any particular series shall be applied by the Trustee on the sinking fund payment date on which such payment is made (or, if such payment is made before a sinking fund payment date, on the sinking fund payment date following the date of such payment) to the redemption of such Debt Securities at the redemption price specified in such Debt Securities, the applicable Board Resolution or supplemental Indenture for operation of the sinking fund together with any accrued interest to the date fixed for redemption. Any sinking fund moneys not so applied or allocated by the Trustee to the redemption of Debt Securities shall be added to the next cash sinking fund payment received by the Trustee for such series and, together with such payment, shall be applied in accordance with the provisions of this Section 3.05. Any and all sinking fund moneys with respect to the Debt Securities of any particular series held by the Trustee on the last sinking fund payment date with respect to Debt Securities of such series and not held for the payment or redemption of particular Debt Securities shall be applied by the Trustee, together with other moneys, if necessary, to be deposited sufficient for the purpose, to the payment of the principal of the Debt Securities of that series at its Stated Maturity.

The Trustee shall select the Debt Securities to be redeemed upon such sinking fund payment date in the manner specified in the last paragraph of Section 3.02 and the Issuers shall cause notice of the redemption thereof to be given in the manner provided in Section 3.02 except that the notice of redemption shall also state that the Debt Securities are being redeemed by operation of the sinking fund. Such notice having been duly given, the redemption of such Debt Securities shall be made upon the terms and in the manner stated in Section 3.03.

At least one business day before each sinking fund payment date, the Issuers shall pay to the Trustee (or, if the Partnership or PAA Finance is acting as its own paying agent, the Partnership or PAA Finance shall segregate and hold in trust) in cash a sum in the Currency in which the Debt Securities of such series are denominated (except as provided pursuant to Section 2.03) equal to any interest accrued to the date fixed for redemption of Debt Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section 3.05.

The Trustee shall not redeem any Debt Securities of a series with sinking fund moneys or mail any notice of redemption of such Debt Securities by operation of the sinking fund for such series during the continuance of a Default in payment of interest on such Debt Securities or of any Event of Default known to the Trustee (other than an Event of Default occurring as a consequence of this paragraph) with respect to such Debt Securities, except that if the notice of redemption of any such Debt Securities shall theretofore have been mailed in accordance with the provisions hereof, the Trustee shall redeem such Debt Securities if cash sufficient for that purpose shall be deposited with the Trustee for that purpose in accordance with the terms of this Article III. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such Default or Event of Default shall occur and any moneys thereafter paid into such sinking fund shall, during the continuance of such Default or Event of Default, be held as security for the payment of such Debt Securities; provided, however, that in case such Default or Event of Default shall have been cured or waived as provided herein, such moneys shall thereafter be applied on the next sinking fund payment date for such Debt Securities on which such moneys may be applied pursuant to the provisions of this Section 3.05.

ARTICLE IV

Particular Covenants of the Issuers

SECTION 4.01. Payment of Principal of, and Premium, If Any, and Interest on, Debt Securities. The Issuers, for the benefit of each series of Debt Securities, will duly and punctually pay or cause to be paid the principal of, and premium, if any, and interest on, each of the Debt Securities at the place, at the respective times and in the manner provided herein and in the Debt Securities. Each installment of interest on the Debt Securities may at the Issuers' option be paid by mailing checks for such interest payable to the Person entitled thereto to the address of such Person as it appears on the Debt Security Register maintained pursuant to Section 2.07(a).

Principal, premium and interest in respect of Debt Securities of any series shall be considered paid on the date due if no later than 11:00 a.m., New York City time, on such date the Trustee or any paying agent holds in accordance with the Indenture money sufficient to pay in the Currency in which the Debt Securities of such series are denominated (except as provided pursuant to Section 2.03) all principal, premium and interest then due.

The Issuers shall pay interest on overdue principal at the rate specified therefor in the Debt Securities and they shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 4.02. Maintenance of Offices or Agencies for Registration of Transfer, Exchange and Payment of Debt Securities. The Issuers will maintain in each Place of Payment for any series of Debt Securities, an office or agency where Debt Securities of such series may be presented or surrendered for payment, where Debt Securities of such series may be surrendered for transfer or exchange and where notices and demands to or upon the Issuers in respect of the Debt Securities of such series and

the Indenture may be served. The Issuers will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuers shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuers hereby appoint the Trustee as their agent to receive all presentations, surrenders, notices and demands.

The Issuers may also from time to time designate different or additional offices or agencies to be maintained for such purposes (in or outside of such Place of Payment), and may from time to time rescind any such designation; provided, however, that no such designation or rescission shall in any manner relieve the Issuers of their obligations described in the preceding paragraph. The Issuers will give prompt written notice to the Trustee of any such additional designation or rescission of designation and any change in the location of any such different or additional office or agency.

SECTION 4.03. Appointment to Fill a Vacancy in the Office of Trustee. The Issuers, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.08, a Trustee, so that there shall at all times be a Trustee hereunder with respect to each series of Debt Securities.

SECTION 4.04. Duties of Paying Agents, etc. (a) The Issuers shall cause each paying agent, if any, other than the Trustee, to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04,

(i) that it will hold all sums held by it as such agent for the payment of the principal of, and premium, if any, or interest on, the Debt Securities of any series (whether such sums have been paid to it by the Issuers or by any other obligor on the Debt Securities of such series) in trust for the benefit of the Holders of the Debt Securities of such series;

(ii) that it will give the Trustee notice of any failure by the Issuers (or by any other obligor on the Debt Securities of such series) to make any payment of the principal of and premium, if any, or interest on, the Debt Securities of such series when the same shall be due and payable; and

(iii) that it will at any time during the continuance of an Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held by it as such agent.

(b) If either of the Issuers or any of their respective Subsidiaries shall act as its own paying agent, it will, on or before 11:00 a.m., New York City time, on each due date of the principal of, and premium, if any, or interest on, the Debt Securities if any, of any series, set aside, segregate and hold in trust for the benefit of the Holders of the Debt Securities of such series a sum sufficient to pay such principal, premium, if any, or interest so becoming due. The Issuers will promptly notify the Trustee of any failure by the Issuers or its Subsidiaries to take

such action or the failure by any other obligor on such Debt Securities to make any payment of the principal of, and premium, if any, or interest on, such Debt Securities when the same shall be due and payable.

(c) Anything in this Section 4.04 to the contrary notwithstanding, either of the Issuers may, at any time, for the purpose of obtaining a satisfaction and discharge of the Indenture, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or any paying agent, as required by this Section 4.04, such sums to be held by the Trustee upon the same terms as those upon which such sums were held by the Issuers or such paying agent.

(d) Whenever the Issuers shall have one or more paying agents with respect to any series of Debt Securities, they will, prior to 11:00 a.m., New York City time, on each due date of the principal of, and premium, if any, or interest on, any Debt Securities of such series, deposit with any such paying agent a sum sufficient to pay the principal, premium or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled thereto, and (unless any such paying agent is the Trustee) the Issuers will promptly notify the Trustee of their action or failure so to act.

(e) Anything in this Section 4.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 4.04 is subject to the provisions of Section 11.02.

(f) Unless and until otherwise determined by the Issuers in Board Resolutions or pursuant to a supplemental Indenture, the Trustee will act as paying agent under the Indenture. The Issuers may designate a substitute paying agent without prior notice to the Holders of Debt Securities.

SECTION 4.05. Statement by Officers as to Default. The Issuers will deliver to the Trustee, on or before a date not more than four months after the end of each fiscal year of the Issuers (currently ending on December 31 of each year) ending after the date hereof, an Officers' Certificate stating, as to each officer signing such certificate, one of whom shall be the principal executive, financial or accounting officer of each Issuer (for purposes of compliance with Section 314(a)(4) of the Trust Indenture Act), that (i) in the course of his performance of his duties as an officer of the Managing General Partner or PAA Finance, as applicable, he would normally have knowledge of any Default, (ii) whether or not to the best of his knowledge any Default occurred during such year and (iii) if to the best of his knowledge the Partnership or PAA Finance, as applicable, is in Default, specifying all such Defaults and what action the Partnership or PAA Finance, as applicable, is taking or proposes to take with respect thereto.

SECTION 4.06. Further Instruments and Acts. The Issuers will, upon request of the Trustee, execute and deliver such further instruments and do such further acts as may reasonably be necessary or proper to carry out more effectually the purposes of the Indenture.

SECTION 4.07. Corporate, Partnership or Limited Liability Company Existence. Subject to Article X, the Issuers shall do or cause to be done all things necessary to preserve and keep in full force and effect the corporate, partnership, limited liability company or unlimited liability company existence and related rights and franchises (charges and statutory) of the Partnership and each of its Subsidiaries; provided, however, that the Partnership shall not be required to preserve any such right or franchise for the corporate, partnership, limited liability company or unlimited liability company existence of any such Subsidiary if the Managing General Partner shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Partnership and its Subsidiaries as a whole and that the loss thereof would not reasonably be expected to have a material adverse effect on the ability of the Issuers or any obligor on the Debt Securities of any series to perform their obligations hereunder; and provided, further, however, that the foregoing shall not prohibit a sale, transfer or conveyance of a Subsidiary of the Partnership or any of its assets in compliance with the terms of the Indenture.

SECTION 4.08. Maintenance of Properties. The Partnership shall cause all material properties owned by the Partnership or any of its Subsidiaries or used or held for use in the conduct of its business or the business of any of its Subsidiaries to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the reasonable judgment of the Partnership may be consistent with sound business practice and necessary so that the business carried on in connection therewith may be properly conducted at all times; provided, however, that nothing in this Section shall prevent the Partnership from discontinuing the maintenance of any of such properties if such discontinuance is, in the reasonable judgment of the Managing General Partner, desirable in the conduct of its business or the business of any of its Subsidiaries and not reasonably expected to have a material adverse effect on the ability of the Issuers or any obligor on the Debt Securities of any series to perform their obligations hereunder.

SECTION 4.09. Payment of Taxes and Other Claims. The Partnership shall pay or discharge or cause to be paid or discharged, on or before the date the same shall become due and payable, (a) all taxes, assessments and governmental charges levied or imposed upon the Partnership or any of its Subsidiaries or otherwise assessed or upon the income, profits or property of the Partnership or any of its Subsidiaries if failure to pay or discharge the same could reasonably be expected to have a material adverse effect on the ability of the Issuers or any obligor on the Debt Securities of any series to perform their obligations hereunder and (b) all lawful claims for labor, materials and supplies, which, if unpaid, would by law become a Lien upon the property of the Partnership or any of its Subsidiaries, except for any Lien permitted to be incurred under the terms of the Indenture, if failure to pay or discharge the same could reasonably be expected to have a material adverse effect on the ability of the Issuers or any obligor on the Debt Securities of any series to perform their obligations hereunder; provided, however, that the Partnership shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or

validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted and in respect of which appropriate reserves (in the good faith judgment of the Managing General Partner) are being maintained in accordance with GAAP.

SECTION 4.10. Calculation of Original Issue Discount. The Issuers shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on Outstanding Original Issue Discount Debt Securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be relevant under the Code.

SECTION 4.11. Stay, Extension and Usury Laws. Each of the Issuers covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of the Indenture; and each of the Issuers hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

ARTICLE V

Holders' Lists and Reports by the Issuers and the Trustee

SECTION 5.01. Issuers to Furnish Trustee Information as to Names and Addresses of Holders; Preservation of Information. The Issuers covenant and agree that they will furnish or cause to be furnished to the Trustee with respect to the Registered Securities of each series:

(a) not more than 15 days after each record date with respect to the payment of interest, if any, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Registered Holders as of such record date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Issuers of any such request, a list as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that so long as the Trustee shall be the Registrar, such lists shall not be required to be furnished.

The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders (1) contained in the most recent list

furnished to it as provided in this Section 5.01 or (2) received by it in the capacity of paying agent or Registrar (if so acting) hereunder.

The Trustee may destroy any list furnished to it as provided in this Section 5.01 upon receipt of a new list so furnished.

SECTION 5.02. Communications to Holders; Meetings of Holders. (a) Holders may communicate pursuant to Section 312(b) of the Trust Indenture Act with other Holders with respect to their rights under the Indenture or the Debt Securities. The Issuers, the Trustee, the Registrar and anyone else shall have the protection of Section 312(c) of the Trust Indenture Act.

(b) A meeting of the Holders of Debt Securities of any or all series may be called at any time and from time to time pursuant to this Section 5.02 to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided herein to be made, given or taken by Holders of Debt Securities of such series.

(c) The Trustee may at any time call a meeting of Holders of Debt Securities of any series for any purpose specified herein to be held at such time and at such place in Houston, Texas, in The Borough of Manhattan, The City of New York or in any other location, as the Trustee shall determine. Notice of every meeting of Holders of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given not less than 20 nor more than 180 days prior to the date fixed for the meeting.

(d) In case at any time the Issuers, pursuant to Board Resolutions, or the Holders of at least 10% in aggregate principal amount of the outstanding Debt Securities of any series, shall have requested the Trustee for any such series to call a meeting of the Holders of Debt Securities of such series for any purpose specified herein, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 30 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Issuers or the Holders of such series in the amount specified above, as the case may be, may determine the time and the place in Houston, Texas, in The Borough of Manhattan, The City of New York, or in any other location, for such meeting and may call such meeting for such purposes by giving notice thereof as provided in paragraph (c) of this Section 5.02.

SECTION 5.03. Reports by Issuers. (a) Notwithstanding that the Partnership may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Partnership shall file with the Commission and provide to the Trustee and the Holders of Debt Securities the annual reports and the information, documents and other reports that are specified in Sections 13 and 15(d) of the Exchange Act, and, with respect to the annual consolidated financial statements only, a report thereon by the Issuers' independent auditors; provided, however, that the Partnership shall not be so obligated to file such information, documents and reports with the Commission if the

Commission does not permit such filings. The Issuers shall comply with the other provisions of Section 314(a) of the Trust Indenture Act.

(b) The Issuers covenant and agree, and any obligor hereunder shall covenant and agree, to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents, and reports with respect to compliance by the Issuers or such obligor, as the case may be, with the conditions and covenants provided for in the Indenture as may be required from time to time by such rules and regulations.

(c) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute notice of any information contained therein or determinable from information contained therein, including the Issuers' compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 5.04. Reports by Trustee. The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under the Indenture as may be required pursuant to the Trust Indenture Act at the time and in the manner provided pursuant thereto.

Reports pursuant to this Section 5.04 shall be transmitted by mail:

(1) to all Registered Holders, as the names and addresses of such Holders appear in the Debt Security Register; and

(2) except in the cases of reports under Section 313(b)(2) of the Trust Indenture Act, to each holder of a Debt Security of any series whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 5.02.

A copy of each report at the time of its mailing to Holders shall be filed with the Commission and each stock exchange (if any) on which the Debt Securities of any series are listed. The Issuers agree to notify promptly the Trustee whenever the Debt Securities of any series become listed on any stock exchange and of any delisting thereof.

SECTION 5.05. Record Dates for Action by Holders. If the Issuers shall solicit from the Holders of Debt Securities of any series any action (including the making of any demand or request, the giving of any direction, notice, consent or waiver or the taking of any other action), the Issuers may, at their option, by Board Resolutions, fix in advance a record date for the determination of Holders of Debt Securities entitled to take such action, but the Issuers shall have no obligation to do so. Any such record date shall be fixed at the Issuers' discretion. If such a record date is fixed, such action may be sought or given before or after the record date, but only the Holders of Debt Securities of record at the close of business on such record date shall be deemed to be Holders of Debt Securities for the purpose of determining whether Holders of the requisite proportion of Debt Securities of such series

Outstanding have authorized or agreed or consented to such action, and for that purpose the Debt Securities of such series Outstanding shall be computed as of such record date.

ARTICLE VI

Remedies of the Trustee and Holders in Event of Default

SECTION 6.01. Events of Default. If any one or more of the following shall have occurred and be continuing with respect to Debt Securities of any series (each of the following, an "Event of Default"):

(a) the Issuers Default for a period of 60 days in the payment when due of interest on any Debt Securities of that series; or

(b) the Issuers default in the payment when due of principal of or premium, if any, on any Debt Securities of that series at maturity, upon redemption or otherwise; or

(c) default in the payment of any sinking fund payment with respect to any Debt Securities of that series as and when the same shall become due and payable; or

(d) failure on the part of the Issuers to comply with Article X; or

(e) failure by the Issuers for 30 days after notice to comply to duly observe or perform any other of the covenants or agreements on the part of the Issuers in the Debt Securities of that series in any Board Resolution authorizing the issuance of that series of Debt Securities, in the Indenture with respect to such series or in any supplemental Indenture with respect to such series (other than a covenant a default in the performance of which is elsewhere in this Section 6.01 specifically dealt with); or

(f) pursuant to or within the meaning of Bankruptcy Law, an Issuer commences a voluntary case, consents to the entry of an order for relief against it in an involuntary case, consents to the appointment of a custodian of it or for all or substantially all of its property, makes a general assignment for the benefit of its creditors, or generally is not paying its debts as they become due; or

(g) (i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that is for relief against an Issuer in an involuntary case, appoints a custodian of an Issuer, or orders the liquidation of an Issuer and (ii) such order or decree remains unstayed and in effect for 60 consecutive days; or

(h) any other Event of Default provided under the terms of the Debt Securities of that series;

then and in each and every case that an Event of Default with respect to Debt Securities of that series at the time outstanding occurs and is continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Debt Securities of that series, may declare the principal of (or, if the Debt Securities of that series are Original Issue Discount Debt Securities,

such portion of the principal amount as may be specified in the terms of that series) and interest on all the Debt Securities of that series to be due and payable immediately.

The Holders of a majority in principal amount of the Debt Securities of a particular series by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree already rendered and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. Upon any such rescission, the parties hereto shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the parties hereto shall continue as though no proceeding had been taken.

In case the Trustee or any Holder shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee or such Holder, then and in every such case the parties hereto shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the parties hereto shall continue as though no such proceeding had been taken.

The foregoing Events of Default shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The Issuers shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default under clause (c), (d), (e), (f), (g) or (h), its status and what action the Issuers are taking or propose to take with respect thereto.

SECTION 6.02. Collection of Indebtedness by Trustee, etc. If an Event of Default occurs and is continuing, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid or enforce the performance of any provision of the Debt Securities of the affected series or the Indenture, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuers or any other obligor upon the Debt Securities of such series (and collect in the manner provided by law out of the property of the Issuers or any other obligor upon the Debt Securities of such series wherever situated the moneys adjudged or decreed to be payable).

In case there shall be pending proceedings for the bankruptcy or for the reorganization of either of the Issuers or any other obligor upon the Debt Securities of any series under Title 11 of the United States Code or any other Federal or State bankruptcy, insolvency or similar law, or in case a receiver, trustee or other similar official shall have been appointed for its property, or in case of any other similar judicial proceedings relative to either of the Issuers or any other obligor upon the Debt Securities of any series, its creditors or its property, the Trustee, irrespective of whether the principal of Debt Securities of any series shall then be due and

payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest (or, if the Debt Securities of such series are Original Issue Discount Debt Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Debt Securities of such series, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Holders thereof allowed in any such judicial proceedings relative to either of the Issuers, or any other obligor upon the Debt Securities of such series, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of such Holders and of the Trustee on their behalf, and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of such Holders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to such Holders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other reasonable expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

All rights of action and of asserting claims under the Indenture, or under any of the Debt Securities, of any series, may be enforced by the Trustee without the possession of any such Debt Securities or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment (except for any amounts payable to the Trustee pursuant to Section 7.06) shall be for the ratable benefit of the Holders of all the Debt Securities in respect of which such action was taken.

In case of an Event of Default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by the Indenture by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Indenture or in aid of the exercise of any power granted in the Indenture, or to enforce any other legal or equitable right vested in the Trustee by the Indenture or by law.

SECTION 6.03. Application of Moneys Collected by Trustee. Any moneys or other property collected by the Trustee pursuant to Section 6.02 with respect to Debt Securities of any series shall be applied, in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys or other property, upon presentation of the several Debt Securities of such series in respect of which moneys or other property have been collected, and the notation thereon of the payment, if only partially paid, and upon surrender thereof if fully paid:

First: To the payment of all money due the Trustee pursuant to Section 7.06;

Second: In case the principal of the Outstanding Debt Securities in respect of which such moneys have been collected shall not have become due, to the payment of interest on the Debt Securities of such series in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate or Yield to Maturity (in the case of Original Issue Discount Debt Securities) specified in the Debt Securities of such series, such payments to be made ratably to the Persons entitled thereto, without discrimination or preference;

Third: In case the principal of the Outstanding Debt Securities in respect of which such moneys have been collected shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Debt Securities of such series for principal and premium, if any, and interest, with interest on the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate or Yield to Maturity (in the case of Original Issue Discount Debt Securities) specified in the Debt Securities of such series; and, in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Debt Securities of such series, then to the payment of such principal and premium, if any, and interest, without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Debt Security of such series over any Debt Security of such series, ratably to the aggregate of such principal and premium, if any, and interest; and

Fourth: The remainder, if any, shall be paid to the Issuers, their successors or assigns, or as a court of competent jurisdiction may direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.03. At least 15 days before such record date, the Issuers shall mail to each Holder and the Trustee a notice that states the record date, the payment date and amount to be paid.

SECTION 6.04. Limitation on Suits by Holders. No Holder of any Debt Security of any series shall have any right by virtue or by availing of any provision of the Indenture to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, upon or under or with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such Holder previously shall have given to the Trustee written notice of an Event of Default with respect to Debt Securities of that same series and of the continuance thereof and unless the Holders of not less than 25% in aggregate principal amount of the Outstanding Debt Securities of that series shall have made written request upon the Trustee to institute such action or proceedings in respect of such Event of Default in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee, for 60 days after its receipt of such notice, request and offer

of indemnity shall have failed to institute any such action or proceedings and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 6.06; it being understood and intended, and being expressly covenanted by the Holder of every Debt Security with every other Holder and the Trustee, that no one or more Holders shall have any right in any manner whatever by virtue or by availing of any provision of the Indenture to affect, disturb or prejudice the rights of any Holders, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under the Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all such Holders. For the protection and enforcement of the provisions of this Section 6.04, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision in the Indenture, however, the right of any Holder of any Debt Security to receive payment of the principal of, and premium, if any, and (subject to Section 2.12) interest on, such Debt Security on or after the respective due dates expressed in such Debt Security, and to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or effected without the consent of such Holder.

SECTION 6.05. Remedies Cumulative; Delay or Omission in Exercise of Rights Not a Waiver of Default. All powers and remedies given by this Article VI to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in the Indenture, and no delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any Default occurring and continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such Default or an acquiescence therein; and, subject to the provisions of Section 6.04, every power and remedy given by this Article VI or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

SECTION 6.06. Rights of Holders of Majority in Principal Amount of Debt Securities to Direct Trustee and to Waive Default. The Holders of a majority in aggregate principal amount of the Debt Securities of any series at the time Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of such series; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that subject to the provisions of Section 7.01, the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel shall determine that the action so directed may not lawfully be taken, or if the Trustee shall by a Responsible Officer or officers determine that the action so directed would involve it in personal liability or would be prejudicial to Holders of Debt Securities of such series not taking part in such direction; and provided further, however, that nothing in the Indenture contained shall impair the right of the Trustee to take any action deemed proper by the Trustee and which is not inconsistent with such direction

by such Holders. Prior to the acceleration of the maturity of the Debt Securities of any series, as provided in Section 6.01, the Holders of a majority in aggregate principal amount of the Debt Securities of that series at the time Outstanding by notice to the Trustee may on behalf of the Holders of all the Debt Securities of that series waive any past Default or Event of Default and its consequences for that series specified in the terms thereof as contemplated by Section 2.03, except (i) a continuing Default or an Event of Default in the payment of the principal of, and premium, if any, or interest on, any of the Debt Securities and (ii) a Default in respect of a provision that under Section 9.02 cannot be amended, supplemented or waived without the consent of each Holder affected thereby. In case of any such waiver, such Default shall cease to exist, any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Indenture, and the Issuers, the Trustee and the Holders of the Debt Securities of that series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.07. Trustee to Give Notice of Defaults Known to It, but May Withhold Such Notice in Certain Circumstances. The Trustee shall, within 90 days after the occurrence of a Default known to it with respect to a series of Debt Securities give to the Holders thereof, in the manner provided in Section 12.03, notice of all Defaults with respect to such series known to the Trustee, unless such Defaults shall have been cured or waived before the giving of such notice; provided that, except in the case of Default in the payment of the principal of, or premium, if any, or interest on, any of the Debt Securities of such series or in the making of any sinking fund payment with respect to the Debt Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, an executive committee of the board of directors or trust committee of Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Holders thereof.

SECTION 6.08. Requirement of an Undertaking To Pay Costs in Certain Suits under the Indenture or Against the Trustee. All parties to the Indenture agree, and each Holder of any Debt Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit in the manner and to the extent provided in the Trust Indenture Act, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.08 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than ten percent in principal amount of the Outstanding Debt Securities of that series or to any suit instituted by any Holder for the enforcement of the payment of the principal of, or premium, if any, or interest on, any Debt Security on or after the due date for such payment expressed in such Debt Security.

ARTICLE VII

Concerning the Trustee

SECTION 7.01. Certain Duties and Responsibilities. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) this subsection shall not be construed to limit the effect of the first paragraph of this Section 7.01;

(b) prior to the occurrence of an Event of Default with respect to the Debt Securities of a series and after the curing or waiving of all Events of Default with respect to such series which may have occurred:

(1) the duties and obligations of the Trustee with respect to Debt Securities of any series shall be determined solely by the express provisions of the Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations with respect to such series as are specifically set forth in the Indenture, and no implied covenants or obligations with respect to such series shall be read into the Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture;

(c) the Trustee shall not be liable for an error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(d) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it with respect to Debt Securities of any series in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of that series relating to the time, method and place of

conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture with respect to Debt Securities of such series.

None of the provisions of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 7.02. Certain Rights of Trustee. Except as otherwise provided in Section 7.01:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Issuers mentioned herein shall be sufficiently evidenced by an Issuer Order (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of each of the Managing General Partner and PAA Finance;

(c) the Trustee may consult with counsel of its own selection, and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Holders of Debt Securities of any series pursuant to the provisions of the Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture;

(f) prior to the occurrence of an Event of Default known to the Trustee and after the curing of all Events of Default which may have occurred, the Trustee shall not

be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval or other paper or document, unless requested in writing to do so by the Holders of a majority in aggregate principal amount of the then outstanding Debt Securities of a series affected by such matter; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is not, in the opinion of the Trustee, reasonably assured to the Trustee by the security afforded to it by the terms of the Indenture, the Trustee may require indemnity reasonably satisfactory to it against such costs, expenses or liabilities as a condition to so proceeding; the Trustee shall be entitled to examine the books, records and premises of the Issuers during ordinary business hours and for any purpose relevant to the Indenture, personally or by an agent or attorney at the sole cost of the Issuers and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder;

(h) if any property other than cash shall at any time be subject to a Lien in favor of the Holders, the Trustee, if and to the extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the supplemental instrument subjecting such property to such Lien, shall be entitled to make advances for the purpose of preserving such property or of discharging tax Liens or other prior Liens or encumbrances thereon; and

(i) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Debt Securities and the Indenture; and

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed by the Trustee to act hereunder.

SECTION 7.03. Trustee Not Liable for Recitals in Indenture or in Debt Securities. The recitals contained herein and in the Debt Securities (except the Trustee's certificate of authentication) shall be taken as the statements of the Issuers, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of the Debt Securities of any series, except that the Trustee represents that it is duly authorized to execute and deliver the Indenture, authenticate the Debt Securities and perform its obligations hereunder, and that the statements made by it or to be

made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Issuers are true and accurate. The Trustee shall not be accountable for the use or application by the Issuers of any of the Debt Securities or of the proceeds thereof.

SECTION 7.04. Trustee, Paying Agent or Registrar May Own Debt Securities. The Trustee or any paying agent or Registrar, in its individual or any other capacity, may become the owner or pledgee of Debt Securities and subject to the provisions of the Trust Indenture Act relating to conflicts of interest and preferential claims may otherwise deal with the Issuers with the same rights it would have if it were not Trustee, paying agent or Registrar; provided, however, that if the Trustee acquires any such conflicting interest and an Event of Default or Default has occurred and is continuing, the Trustee must eliminate such conflict within 90 days, apply to the Commission for permission to continue as trustee or resign.

SECTION 7.05. Moneys Received by Trustee to Be Held in Trust. Subject to the provisions of Section 11.02, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder. So long as no Event of Default of which the Trustee has notice shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time to the Issuers upon an Issuer Order.

SECTION 7.06. Compensation and Reimbursement. The Issuers covenant and agree to pay in Dollars to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and, except as otherwise expressly provided herein, the Issuers will pay or reimburse in Dollars the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its agents, attorneys and counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advances as may arise from its negligence or bad faith. The Issuers also covenant to fully indemnify in Dollars the Trustee and any predecessor Trustee for, and to hold it harmless against, any and all loss, liability, claim, damage or expense incurred without negligence or willful misconduct on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust or trusts hereunder, including the costs and expenses of defending itself against any claim of liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligations of the Issuers under this Section 7.06 to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of the Indenture. The Issuers and the Holders agree that such additional indebtedness shall be secured by a Lien prior to that of the Debt Securities upon all property and funds held or collected by the Trustee, as such, except funds held in trust for the payment of principal of, and premium, if any, or interest on, particular Debt Securities.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(g) or (h) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency, reorganization or other similar law.

SECTION 7.07. Right of Trustee to Rely on an Officers' Certificate Where No Other Evidence Specifically Prescribed. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of the Indenture upon the faith thereof.

SECTION 7.08. Separate Trustee; Replacement of Trustee. The Issuers may, but need not, appoint a separate Trustee for any one or more series of Debt Securities. The Trustee may resign with respect to one or more or all series of Debt Securities at any time by giving notice to the Issuers. The Holders of a majority in principal amount of the Debt Securities of a particular series may remove the Trustee for such series and only such series by so notifying the Trustee and may appoint a successor Trustee. The Issuers shall remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Issuers or by the Holders of a majority in principal amount of the Debt Securities of a particular series and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuers shall promptly appoint a successor Trustee. No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of this Section 7.08.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under the Indenture. The successor Trustee shall mail a notice of its succession to

Holders of Debt Securities of each applicable series. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the Lien provided for in Section 7.06.

If a successor Trustee does not take office within 60 days after the retiring Trustee gives notice of resignation or is removed, the retiring Trustee or the Holders of 25% in principal amount of the Debt Securities of any applicable series may petition any court of competent jurisdiction for the appointment of a successor Trustee for the Debt Securities of such series.

If the Trustee fails to comply with Section 7.10, any Holder of Debt Securities of any applicable series may petition at the expense of the Issuers any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee for the Debt Securities of such series.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Issuers' obligations under Section 7.06 shall continue for the benefit of the retiring Trustee.

In the case of the appointment hereunder of a separate or successor Trustee with respect to the Debt Securities of one or more series, the Issuers, any retiring Trustee and each successor or separate Trustee with respect to the Debt Securities of any applicable series shall execute and deliver an Indenture supplemental hereto (1) which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of any retiring Trustee with respect to the Debt Securities of any series as to which any such retiring Trustee is not retiring shall continue to be vested in such retiring Trustee and (2) that shall add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, it being understood that nothing herein or in such supplemental Indenture shall constitute such Trustees co-trustees of the same trust and that each such separate, retiring or successor Trustee shall be Trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee.

SECTION 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association shall be the successor Trustee hereunder, provided that such Person shall be otherwise qualified under Section 310(b) of the Trust Indenture Act and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. As soon as practicable, the successor Trustee shall mail a notice of its succession to the Issuers and the Holders of the Debt Securities then Outstanding.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by the Indenture any of the Debt Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Debt Securities so authenticated; and in case at that time any of the Debt Securities shall not have been

authenticated, any successor to the Trustee may authenticate such Debt Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Debt Securities or in the Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of Section 310(a) of the Trust Indenture Act. The Trustee shall have a combined capital and surplus of at least $50,000,000, as set forth in its most recently published annual report of condition. No obligor upon the Debt Securities of a particular series or Person directly or indirectly controlling, controlled by or under common control with such obligor shall serve as Trustee upon the Debt Securities of such series. The Trustee shall comply with Section 310(b) of the Trust Indenture Act; provided, however, that there shall be excluded from the operation of Section 310(b)(1) of the Trust Indenture Act the Indenture or any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Issuers are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the Trust Indenture Act are met.

SECTION 7.11. Preferential Collection of Claims Against Issuers. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. A Trustee who had resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated therein.

SECTION 7.12. Compliance with Tax Laws. The Trustee hereby agrees to comply with all U.S. Federal income tax information reporting and withholding requirements applicable to it with respect to payments of principal, premium (if any) and interest on the Debt Securities, whether acting as Trustee, Security Registrar, paying agent or otherwise with respect to the Debt Securities.

ARTICLE VIII

Concerning the Holders

SECTION 8.01. Evidence of Action by Holders. Whenever in the Indenture it is provided that the Holders of a specified percentage in aggregate principal amount of the Debt Securities of any or all series may take action (including the making of any demand or request, the giving of any direction, notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Section 5.02, (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders or (d) in the case of

Debt Securities evidenced by a Global Security, by any electronic transmission or other message, whether or not in written format, that complies with the Depositary's applicable procedures.

SECTION 8.02. Proof of Execution of Instruments and of Holding of Debt Securities. Subject to the provisions of Sections 7.01, 7.02 and 12.09, proof of the execution of any instrument by a Holder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee.

The ownership of Registered Securities of any series shall be proved by the Debt Security Register or by a certificate of the Registrar for such series.

The Trustee may require such additional proof of any matter referred to in this Section 8.02 as it shall deem necessary.

SECTION 8.03. Who May Be Deemed Owner of Debt Securities. Prior to due presentment for registration of transfer of any Registered Security, the Issuers, the Trustee, any paying agent and any Registrar may deem and treat the Person in whose name any Registered Security shall be registered upon the books of the Issuers as the absolute owner of such Registered Security (whether or not such Registered Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and premium, if any, and (subject to Section 2.12) interest on such Registered Security and for all other purposes, and neither the Issuers nor the Trustee nor any paying agent nor any Registrar shall be affected by any notice to the contrary; and all such payments so made to any such Holder for the time being, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Registered Security.

SECTION 8.04. Instruments Executed by Holders Bind Future Holders. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage in aggregate principal amount of the Debt Securities of any series specified in the Indenture in connection with such action and subject to the following paragraph, any Holder of a Debt Security which is shown by the evidence to be included in the Debt Securities the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office of the Trustee and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Debt Security. Except as aforesaid any such action taken by the Holder of any Debt Security shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Debt Security and of any Debt Security issued upon transfer thereof or in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Debt Security or such other Debt Securities. Any action taken by the Holders of the percentage in aggregate principal amount of the Debt Securities of any series specified in the Indenture in connection with such action shall be conclusively binding upon the Issuers, the Trustee and the Holders of all the Debt Securities of such series.

The Issuers may, but shall not be obligated to, fix a record date for the purpose of determining the Holders of Registered Securities entitled to give their consent or take any other action required or permitted to be taken pursuant to the Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders of Registered Securities at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders of Registered Securities after such record date. No such consent shall be valid or effective for more than 120 days after such record date unless the written consent of the Holders of the percentage in aggregate principal amount of the Debt Securities of such series specified in the Indenture shall have been received within such 120-day period.

ARTICLE IX

Amendment, Supplement and Waiver

SECTION 9.01. Without Consent of Holders of Debt Securities. The Issuers and the Trustee may from time to time and at any time, without the consent of Holders, enter into an Indenture or Indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as in force at the date of the execution thereof) for one or more of the following purposes:

(a) to cure any ambiguity, defect or inconsistency contained herein, in any supplemental Indenture or in the Debt Securities of such series;

(b) to provide for uncertificated Debt Securities in addition to or in place of certificated Debt Securities; provided, however, that the uncertificated Debt Securities are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Debt Securities are described in Section 163(f)(2)(B) of the Code;

(c) to provide for the assumption of an Issuer's obligations to Holders pursuant to Article X;

(d) to add guarantors with respect to the Debt Securities as parties to the Indenture or to release guarantors in accordance with the provisions of any supplemental Indenture;

(e) to make any changes that would provide any additional rights or benefits to the Holders of the Debt Securities or that do not, taken as a whole, adversely affect the legal rights hereunder of any Holder;

(f) to comply with the requirements of the Commission to permit the qualification of the Indenture or any Indenture supplemental hereto under the Trust Indenture Act as then in effect, except that nothing herein contained shall permit or authorize the inclusion in any Indenture supplemental hereto of the provisions referred to in Section 316(a)(2) of the Trust Indenture Act;

(g) to evidence or provide for the acceptance of appointment hereunder by a successor or separate Trustee with respect to the Debt Securities of one or more series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee;

(h) to add any additional Events of Default;

(i) to secure the Debt Securities and/or any guarantee with respect to any Debt Securities; and

(j) to establish the form or terms of the Debt Securities in accordance with Section 2.01 or 2.03.

The Trustee is hereby authorized to join with the Issuers and any guarantors with respect to any Debt Securities in the execution of any such supplemental Indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Any supplemental Indenture authorized by the provisions of this Section 9.01 may be executed by the Issuers, any guarantors with respect to any debt Securities and the Trustee without the consent of the Holders of any of the Debt Securities at the time outstanding, notwithstanding any of the provisions of Section 9.02.

After an amendment under this Section 9.01 becomes effective, the Issuers shall mail to Holders of Debt Securities of each series affected thereby a notice briefly describing such amendment. The failure to give such notice to all such Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.01.

SECTION 9.02. With Consent of Holders of Debt Securities. Without notice to any Holder but with the consent (evidenced as provided in Section 8.01) of the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected by such supplemental Indenture, (a) the Issuers, when authorized by Board Resolutions, any guarantors with respect to any Debt Securities and the Trustee may from time to time and at any time enter into an Indenture or Indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental Indenture or of modifying in any manner the rights of the Holders of the Debt Securities of such series, and (b) subject to Sections 6.04 and 6.06, any existing Default or Event of Default or compliance with any provision of the Indenture or the Debt Securities of such series may be waived; provided, that no such supplemental Indenture or waiver, without the consent of the Holders of each Debt Security so affected, shall (i) reduce the percentage in principal amount of Debt Securities of any series whose Holders must consent to an amendment, supplement or waiver; (ii) reduce the principal of or change the Stated Maturity of any Debt Security; (iii) reduce or waive the premium payable upon the

redemption of any Debt Security or alter or waive any provisions by which any Debt Security may or shall be redeemed in accordance with Article III (other than provisions requiring the repurchase of the Debt Securities of such series if so permitted by the Board Resolutions or supplemental Indenture establishing the terms of such series); (iv) reduce the rate of or change the time for payment of interest on any Debt Security; (v) waive a Default or an Event of Default in the payment of principal of, or premium, if any, or interest on a Debt Security except for a rescission of an acceleration of such Debt Securities by the Holders of at least a majority in aggregate principal amount of such Debt Securities and a waiver of the payment default that resulted from such acceleration; (vi) release any security that may have been granted in respect of the Debt Securities; (vii) make any Debt Security payable in Currency other than that stated in the Debt Security; (viii) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Debt Securities; (ix) waive a redemption payment with respect to any Debt Security (other than a payment required by a covenant requiring the repurchase of the Debt Securities of such series if so permitted by the Board Resolutions or supplemental Indenture establishing the terms of such Series); (x) except as otherwise permitted under the Indenture, with respect to Debt Securities that are guaranteed, release any guarantor from its obligations under the Indenture or under its guarantee or change any guarantee in any manner that would adversely affect the rights of Holders of such Debt Securities; or (xi) make any change in Section 6.06 or this Section 9.02.

A supplemental Indenture which changes or eliminates any covenant or other provision of the Indenture which has been expressly included solely for the benefit of one or more particular series of Debt Securities or which modifies the rights of the Holders of Debt Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under the Indenture of the Holders of Debt Securities of any other series.

Upon the request of the Issuers, accompanied by copies of Board Resolutions authorizing the execution of any such supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Issuers in the execution of such supplemental Indenture unless such supplemental Indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such supplemental Indenture.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

After an amendment or waiver under this Section 9.02 becomes effective, the Issuers shall mail to Holders of Debt Securities of each series affected thereby a notice briefly describing such amendment or waiver. The failure to give such notice to all such Holders, or any defect therein, shall not impair or affect the validity of an amendment or waiver under this Section 9.02.

SECTION 9.03. Effect of Supplemental Indentures.

Upon the execution of any supplemental Indenture pursuant to the provisions of this Article IX, the Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under the Indenture of the Trustee, the Issuers and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

The Trustee, subject to the provisions of Sections 7.01 and 7.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such supplemental Indenture complies with the provisions of this Article IX.

SECTION 9.04. Debt Securities May Bear Notation of Changes by Supplemental Indentures. Debt Securities of any series authenticated and delivered after the execution of any supplemental Indenture pursuant to the provisions of this Article IX may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental Indenture. New Debt Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors of the Managing General Partner and PAA Finance, to any modification of the Indenture contained in any such supplemental Indenture may be prepared and executed by the Issuers, authenticated by the Trustee and delivered in exchange for the Debt Securities of such series then outstanding. Failure to make the appropriate notation or to issue a new Debt Security of such series shall not affect the validity of such amendment.

ARTICLE X

Consolidation, Merger, Sale or Conveyance

SECTION 10.01. Consolidations and Mergers of the Issuers. Neither of the Issuers may, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Issuer is the survivor); or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person; unless:

(1) either (a) such Issuer is the surviving entity of such transaction; or (b) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (the "Successor Company") is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia, provided that PAA Finance may not consolidate or merge with or into any entity other than a corporation satisfying such requirement for so long as the Partnership is not a corporation;

(2) the Successor Company assumes all the obligations of such Issuer under the notes and the Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default or Event of Default exists; and

(4) such Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and, if a supplemental Indenture is required, such supplemental Indenture complies with the Indenture and all conditions precedent therein relating to such transaction have been satisfied.

SECTION 10.02. Rights and Duties of Successor Company. In case of any consolidation, merger, or disposition by or involving an Issuer in accordance with Section 10.01, the Successor Company shall succeed to and be substituted for such Issuer, with the same effect as if it had been named herein as the party of the first part, and the Issuer shall be relieved of any further obligation under the Indenture and the Debt Securities. The Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of such Issuer, any or all the Debt Securities issuable hereunder which theretofore shall not have been signed by such Issuer and delivered to the Trustee; and, upon the order of the Successor Company, instead of such Issuer, and subject to all the terms, conditions and limitations in the Indenture prescribed, the Trustee shall authenticate and shall deliver any Debt Securities which previously shall have been signed and delivered by the officers of such Issuer or its Managing General Partner, as the case may be, to the Trustee for authentication, and any Debt Securities which the Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Debt Securities so issued shall in all respects have the same legal rank and benefit under the Indenture as the Debt Securities theretofore or thereafter issued in accordance with the terms of the Indenture as though all such Debt Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger or disposition, such changes in phraseology and form (but not in substance) may be made in the Debt Securities appertaining thereto thereafter to be issued as may be appropriate.

ARTICLE XI

Satisfaction and Discharge of Indenture; Unclaimed Moneys

SECTION 11.01. Satisfaction and Discharge; Application of Trust Money. The Indenture shall upon the request of the Issuers cease to be of further effect with respect to all Outstanding Debt Securities of any series (except as to (i) surviving rights of registration of transfer or exchange of Debt Securities of such series herein expressly provided for, (ii) the Issuers' obligations under Section 7.06, and (iii) the Trustee's and each paying agent's obligations under the last paragraph of this Section 11.01 and Section 11.02) and the Trustee, on demand and at the expense of the Issuers, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture with respect to such series, when:

(a) either:

(i) all outstanding Debt Securities of such series therefore authenticated and delivered (other than (A) Debt Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.09 and (B) Debt Securities for whose payment money has been deposited in trust with the Trustee or any paying agent and thereafter repaid to either Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all outstanding Debt Securities of such series not theretofore delivered to the Trustee for cancellation

(A) have become due and payable by reason of the giving of a notice of redemption or otherwise;

(B) shall become due and payable at their Stated Maturity within one year; or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers,

and the Issuers, in the case of clause (A), (B) or (C) above, have irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust for such purpose cash in Dollars or U.S. Government Obligations, or a combination thereof, in an amount sufficient (without consideration of any reinvestment of interest and as certified by an independent public accountant designated by the Partnership expressed in a written certification thereof delivered to the Trustee) to pay and discharge the entire indebtedness of such Debt Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and accrued and unpaid interest to the date of such deposit (in the case of Debt Securities which have become due and payable) or the Stated Maturity or redemption date, as the case may be;

(b) the Issuers have paid or caused to be paid all other sums then due and payable hereunder by them under the Indenture; and

(c) the Issuers have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the Indenture have been complied with.

In order to have money available on a payment date to pay principal (and premium, if any, on) and interest on the Debt Securities, the U.S. Government Obligations shall be payable as to principal (and premium, if any) or interest at least one Business Day before such payment date in such amounts as shall provide the necessary money.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article XI. It shall apply the deposited money and the money from U.S. Government Obligations through any paying agent and in accordance with the Indenture to the payment of principal of, and premium, if any, and interest on, the Debt Securities of the defeased

series. Prior to the maturity of such series, the Trustee may, at the written direction of the Issuers, invest such money in U.S. Government Obligations.

SECTION 11.02. Repayment to Issuers. The Trustee and any paying agent shall promptly turn over to the Issuers upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and any paying agent shall pay to the Issuers upon request any money held by them for the payment of principal, premium or interest that remains unclaimed for two years, and, thereafter, Holders entitled to such money must look to the Issuers for payment as general creditors.

SECTION 11.03. Indemnity for U.S. Government Obligations. The Issuers shall pay and shall indemnify the Trustee and the Holders against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 11.04. Reinstatement. If the Trustee or any paying agent is unable to apply any money or U.S. Government Obligations in accordance with this Article XI by reason of any legal proceeding or by reason of any order or judgment of any court or government authority enjoining, restraining or otherwise prohibiting such application, the Issuers' obligations under the Indenture and the Debt Securities of the defeased series shall be revived and reinstated as though no deposit had occurred pursuant to this Article XI until such time as the Trustee or any paying agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article XI.

ARTICLE XII

Miscellaneous Provisions

SECTION 12.01. Successors and Assigns of Issuers Bound by Indenture. All the covenants, stipulations, promises and agreements contained in the Indenture by or on behalf of the Issuers or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

SECTION 12.02. Acts of Board, Committee or Officer of Successor Company Valid. Any act or proceeding by any provision of the Indenture authorized or required to be done or performed by any Board of Directors, committee thereof or officer of the Managing General Partner or PAA Finance, as applicable, shall and may be done and performed with like force and effect by the like Board of Directors, committee thereof or officer of any Successor Company.

SECTION 12.03. Required Notices or Demands.

Except as otherwise expressly provided in the Indenture, any notice or demand which by any provision of the Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on the Issuers shall be in writing in the English language and may be given or served by being deposited postage prepaid in a post office letter box in the United States addressed (until another address is filed by the Issuers with the Trustee) as follows: Plains All American Pipeline, L.P., 333 Clay Street, Suite 2900, Houston, Texas 77002, Attention: General Counsel. Except as otherwise expressly provided in the Indenture, any notice, direction, request or demand by the Issuers or by any Holder to or upon the Trustee shall be in writing in the English language and may be given or made, for all purposes, by being deposited, postage prepaid, in a post office letter box in the United States addressed to the Corporate Trust Office of the Trustee initially at 58478 San Felipe, Suite 1050, Houston, Texas, 77057, Attention: Corporate Trust Group. The Issuers or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice required or permitted to a Registered Holder by the Issuers or the Trustee pursuant to the provisions of the Indenture shall be in writing in the English language and shall be deemed to be properly mailed by being deposited postage prepaid in a post office letter box in the United States addressed to such Holder at the address of such Holder as shown on the Debt Security Register. Any report pursuant to Section 313 of the Trust Indenture Act shall be transmitted in compliance with subsection (c) therein.

In the event of suspension of regular mail service or by reason of any other cause it shall be impracticable to give notice by mail, then such notification as shall be given with the approval of the Trustee shall constitute sufficient notice for every purpose thereunder.

Failure to mail a notice or communication to a Holder or any defect in it or any defect in any notice by publication as to a Holder shall not affect the sufficiency of such notice with respect to other Holders. If a notice or communication is mailed or published in the manner provided above, it is conclusively presumed duly given.

SECTION 12.04. Indenture and Debt Securities to Be Construed in Accordance with the Laws of the State of New York. The Indenture and each Debt Security shall be deemed to be New York contracts, and for all purposes shall be construed in accordance with the laws of said State.

SECTION 12.05. Officers' Certificate and Opinion of Counsel to Be Furnished upon Application or Demand by the Issuers. Upon any application or demand by the Issuers to the Trustee to take any action under any of the provisions of the Indenture, the Issuers shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in the Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such document is specifically required by any provision of the Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in the Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in the Indenture shall include (1) a statement that the Person making such certificate or opinion has read such covenant or condition, (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (3) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with and (4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

SECTION 12.06. Payments Due on Legal Holidays. In any case where the date of maturity of interest on or principal of and premium, if any, on the Debt Securities of a series or the date fixed for redemption or repayment of any Debt Security or the making of any sinking fund payment shall not be a business day at any Place of Payment for the Debt Securities of such series, then payment of interest or principal and premium, if any, or the making of such sinking fund payment need not be made on such date at such Place of Payment, but may be made on the next succeeding business day at such Place of Payment with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date. If a record date is not a business day, the record date shall not be affected.

SECTION 12.07. Provisions Required by Trust Indenture Act to Control. If and to the extent that any provision of the Indenture limits, qualifies or conflicts with another provision included in the Indenture which is required to be included in the Indenture by any of Sections 310 to 318, inclusive, of the Trust Indenture Act, such required provision shall control.

SECTION 12.08. Computation of Interest on Debt Securities. Interest, if any, on the Debt Securities shall be computed on the basis of a 360-day year of twelve 30-day months, except as may otherwise be provided pursuant to Section 2.03.

SECTION 12.09. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar and any paying agent may make reasonable rules for their functions.

SECTION 12.10. No Recourse Against Others. No past, present or future director, officer, partner, employee, incorporator, manager, stockholder, unitholder or member of the Issuers, the General Partner, the Managing General Partner or any other obligor on the Debt Securities of any series, as such, shall have any liability for any obligations of the Issuers or such other obligors under the Debt Securities, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Debt Security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Debt Securities.

SECTION 12.11. Severability. In case any provision in the Indenture or the Debt Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.12. Effect of Headings. The article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 12.13. Indenture May Be Executed in Counterparts. The Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

The Trustee hereby accepts the trusts in the Indenture upon the terms and conditions herein set forth.

IN WITNESS WHEREOF, the parties hereto have caused the Indenture to be duly signed as of the date first written above.

ISSUERS:

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS AAP, L.P., its General Partner

By: PLAINS ALL AMERICAN GP LLC,
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

PAA FINANCE CORP.

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief
Financial Officer

TRUSTEE:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Kevin M. Doprava

Name: Kevin M. Doprava
Title: Vice President

EXHIBIT 4.2

PLAINS ALL AMERICAN PIPELINE, L.P.
PAA FINANCE CORP.
as Issuers

and

THE SUBSIDIARY GUARANTORS NAMED HEREIN

as Guarantors

$200,000,000

SERIES A AND SERIES B

7 3/4% SENIOR NOTES DUE 2012

FIRST

SUPPLEMENTAL

INDENTURE

Dated as of September 25, 2002

WACHOVIA BANK, NATIONAL ASSOCIATION

as Trustee

TABLE OF CONTENTS

FIRST SUPPLEMENTAL INDENTURE dated as of September 25, 2002 (this "Supplemental Indenture") among PLAINS ALL AMERICAN PIPELINE, L.P., a Delaware limited partnership (the "Partnership"), PAA FINANCE CORP., a wholly owned subsidiary of the Partnership and a Delaware corporation ("PAA Finance" and, together with the Partnership, the "Issuers"), and the subsidiary guarantors signatory hereto (the "Subsidiary Guarantors"), and WACHOVIA BANK, NATIONAL ASSOCIATION, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuers have heretofore entered into an Indenture, dated as of September 25, 2002 (the "Original Indenture"), with Wachovia Bank, National Association, as trustee;

WHEREAS, the Original Indenture, as supplemented by this Supplemental Indenture, is herein called the "Indenture";

WHEREAS, under the Original Indenture, a new series of Debt Securities may at any time be established by the Boards of Directors of the Managing General Partner and PAA Finance in accordance with the provisions of the Original Indenture and the form and terms of such series may be established by a supplemental Indenture executed by the Issuers and the Trustee;

WHEREAS, also under the Original Indenture, guarantors with respect to a series of Debt Securities may be added as parties to the Indenture by a supplemental Indenture executed by themselves, the Issuer and the Trustee;

WHEREAS, the Issuers propose to create under the Indenture a new series of Debt Securities, such series to be guaranteed by the Subsidiary Guarantors;

WHEREAS, additional Debt Securities of other series hereafter established, except as may be limited in the Original Indenture as at the time supplemented and modified, may be issued from time to time pursuant to the Indenture as at the time supplemented and modified; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Supplemental Indenture and to make it a valid and binding obligation of the Issuers and the Subsidiary Guarantors have been done or performed.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. Establishment. (a) There is hereby established a new series of Notes to be issued under the Indenture, to be designated as the Issuers' 7 3/4% Senior Notes due 2012 (the "Notes"). As provided in Article II hereof, the Notes shall be issued as either Series A Notes or Series B Notes, and any Notes may have such additional designation.

(b) There are to be authenticated and delivered $200,000,000 principal amount of Series A Notes on the Issue Date, and from time to time thereafter there may be authenticated and delivered an unlimited principal amount of Additional Notes, subject to Section 5.03 hereof. Further, from time to time after the Issue Date, Series B Notes may be authenticated and delivered in a principal amount equal to the principal amount of the Series A Notes exchanged therefor pursuant to an Exchange Offer.

(c) The Notes shall be issued initially in the form of one or more Global Securities in substantially the form set out in Exhibit A hereto. The Depositary with respect to the Notes shall be The Depository Trust Company.

(d) Each Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent date to which interest has been paid or duly provided for.

(e) If and to the extent that the provisions of the Original Indenture are duplicative of, or in contradiction with, the provisions of this Supplemental Indenture, the provisions of this Supplemental Indenture shall govern.

ARTICLE II

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 2.01. Definitions. All capitalized terms used herein and not otherwise defined below shall have the meanings ascribed thereto in the Original Indenture. The following are definitions used in this Supplemental Indenture:

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person, but excluding Indebtedness which is extinguished, retired or repaid in connection with such Person merging with or becoming a Subsidiary of such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Interest" means all additional interest then owing pursuant to a registration default under an Exchange and Registration Rights Agreement.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession directly or indirectly of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a specified

Person shall be deemed to be control by the other Person; provided, further, that any third Person which also beneficially owns 10% or more of the Voting Stock of a specified Person shall not be deemed to be an Affiliate of either the Specified Person or the other Person merely because of such common ownership in such specified Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings. Notwithstanding the foregoing, the term "Affiliate" shall not include a Restricted Subsidiary of any specified Person.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights, other than dispositions of inventory and obsolete equipment in the ordinary course of business; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Partnership or the Partnership and its Restricted Subsidiaries taken as a whole shall be governed by Section 5.09 hereof, and/or Article VI hereof and not by Section 5.05 hereof; and

(2) the issuance of Equity Interests by any of the Partnership's Restricted Subsidiaries or the sale by the Partnership or any of its Restricted Subsidiaries of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that: (a) involves assets having a fair market value of less than $5.0 million; or (b) results in Net Proceeds to the Partnership and its Restricted Subsidiaries of less than $5.0 million;

(2) a transfer of assets or Equity Interests in a Restricted Subsidiary of the Partnership between or among the Partnership and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Partnership to the Partnership or to a Wholly Owned Restricted Subsidiary;

(4) a Restricted Payment that is permitted by Section 5.02 hereof;

(5) any transaction whereby assets or rights (including (a) Equity Interests in any Subsidiary or Joint Venture and (b) in the case of an exchange or a contribution for tangible assets, up to 25% in the form of cash, Cash Equivalents, accounts receivable or other current assets), owned by the Partnership or any of its Restricted Subsidiaries are exchanged or contributed for the Equity Interests of a Joint Venture or Unrestricted Subsidiary in a transaction that satisfies the requirements of Permitted Business Investment or for other assets (not more than 25% of which consists of cash, Cash Equivalents, accounts receivable or other current assets) or rights (including Equity Interests in any Subsidiary or Joint Venture) so long as (i) the fair market value of the assets or rights (if other than a Permitted Business Investment) received is substantially equivalent to the fair market value of the assets or properties given up, and (ii) any cash received in such exchange or contribution by the Partnership or any of its Restricted Subsidiaries is applied in accordance with Section 5.05 hereof;

(6) any sale, transfer or other disposition of cash or Cash Equivalents, Hedging Obligations or other financial instruments in the ordinary course of business;

(7) the creation or perfection of a Lien on any properties or assets (or any income or profit therefrom) of the Partnership or any of its Restricted Subsidiaries that is not prohibited by Section 5.06 hereof;

(8) the surrender or waiver of contract rights or the settlement, release or surrender of contractual, non-contractual or other claims of any kind; and

(9) the grant in the ordinary course of business of any non-exclusive license of patents, trademarks, registrations therefor and other similar intellectual property.

"Attributable Debt" in respect of a Sale and Lease-Back Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Lease-Back Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP. As used in the preceding sentence, the "net rental payments" under any lease for any such period shall mean the sum of rental and other payments required to be paid with respect to such period by the lessee thereunder, excluding any amounts required to be paid by such lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease that is terminable by the lessee upon payment of penalty, such net rental payment shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Available Cash" has the meaning assigned to such term in the Partnership Agreement, as in effect on the date of the Indenture.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

"Cash Equivalent" means:

(1) United States or Canadian dollars or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies;

(2) securities issued or directly and fully guaranteed or insured by the government of the United States or any country whose sovereign debt has a rating of at least A3 from Moody's and at least A- from S&P or any agency or instrumentality of any such government (provided that the full faith and credit of such government is pledged in support thereof), in each case having maturities of not more than one year from the date of acquisition;

(3) certificates of deposit, time deposits and Eurodollar deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding 365 days, demand and overnight bank deposits and other similar types of investments routinely offered by commercial banks, in each case, with any lender under the

Partnership Credit Facilities or any commercial bank having capital and surplus in excess of $500.0 million and a Thompson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and in each case maturing within 270 days after the date of acquisition;

(6) deposits available for withdrawal on demand with any commercial bank not meeting the qualifications specified in clause (3) above, provided that all such deposits are made in the ordinary course of business, do not remain on deposit for more than 30 consecutive days and do not exceed $10.0 million in the aggregate at any one time; and

(7) money market funds substantially all of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"Change of Control" means the occurrence of any of the following:

(1) the sale, transfer, lease, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Partnership and its Restricted Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act), which occurrence is followed by a Rating Decline within 90 days of the consummation of such transaction;

(2) the adoption of a plan relating to the liquidation or dissolution of the Partnership, or the removal of the General Partner by the limited partners of the Partnership;

(3) such time as Qualifying Directors shall cease for any reason to constitute collectively a majority of the members of the Board of Directors of the Managing General Partner in office, which occurrence is followed by a Rating Decline within 90 days thereof; or

(4) any "person" or "group," as such terms are used in Sections 13(d)(2) and 14(d)(2) of the Exchange Act, excluding the Qualifying Owners identified in clause (1) of the definition of "Qualifying Owners," obtains the right to appoint a majority of the Board of Directors of the Managing General Partner, which occurrence is followed by a Rating Decline within 90 days thereof.

Notwithstanding the foregoing, a conversion of the Partnership or any of its Restricted Subsidiaries from a limited partnership, corporation, limited liability company or other form of entity to a limited partnership, corporation, limited liability company or other form of entity or an exchange of all of the outstanding Equity Interests in one form of entity for Equity Interests for another form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the Qualifying Owners beneficially own, directly or indirectly, in the aggregate more than 50% of the Voting Stock of such entity, or continue to beneficially own a sufficient Equity Interests in such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus:

(1) an amount equal to the dividends or distributions paid during such period in cash or Cash Equivalents to such Person or any of its Restricted Subsidiaries by a Person that is not a Restricted Subsidiary of such Person; plus

(2) an amount equal to any extraordinary loss of such Person and its Restricted Subsidiaries plus any net loss realized by such Person and its Restricted Subsidiaries in connection with an Asset Sale, disposition of any securities or extinguishment of Indebtedness, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(3) the provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period or foreign withholding taxes, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(4) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings and net payments, if any, pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, excluding any such expenses to the extent incurred by a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made; plus

(5) depreciation, depletion and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income (excluding any such expenses to the extent incurred by a Person that is neither an Issuer nor a Restricted Subsidiary of an Issuer); minus

(6) non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of the Partnership shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Partnership only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed to the Partnership by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all

agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders, partners or members.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the aggregate Net Income (but not net loss in excess of such aggregate Net Income) of all Persons that are Unrestricted Subsidiaries shall be excluded (without duplication);

(2) the earnings included therein attributable to all entities that are accounted for by the equity method of accounting and the aggregate Net Income (but not net loss in excess of such aggregate Net Income) included therein attributable to all entities constituting Joint Ventures that are accounted for on a consolidated basis (rather than by the equity method of accounting) shall be excluded;

(3) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement (other than the Indenture or its Guarantee), instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, partners or members;

(4) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(5) the cumulative effect of a change in accounting principles shall be excluded; and

(6) unrealized losses and gains under derivative instruments included in the determination of Consolidated Net Income, including, without limitation those resulting from the application of Statement of Financial Accounting Standards No. 133 or EITF 98-10, shall be excluded.

"Consolidated Net Tangible Assets" means, with respect to any Person, at any date of determination, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting the following amounts: (i) all current liabilities reflected in such balance sheet, and (ii) all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

"Contango Market Transaction" means a transaction in which the Partnership or any of its Restricted Subsidiaries establishes a position using New York Mercantile Exchange Crude Oil Futures contracts to purchase Hydrocarbons for future delivery to the Partnership or such Restricted Subsidiary, and contemporaneously with such purchase transaction either (1) establishes one or more positions using New York Mercantile Exchange Crude Oil Futures contracts to resell at a date after such delivery date, or (2) enters into a contract with that Person or another Person to resell at a date

after such delivery date, a similar aggregate quantity and quality of Hydrocarbons as so purchased by the Partnership or such Restricted Subsidiary, as applicable, and at an aggregate price greater than the Indebtedness incurred for the Hydrocarbons so purchased by the Partnership or such Restricted Subsidiary.

"Credit Facilities" means, with respect to the Partnership, PAA Finance or any Restricted Subsidiary of the Partnership, one or more debt, letter of credit or bankers' acceptances facilities or commercial paper facilities, including the Partnership Credit Facilities, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), bankers' acceptances or letters of credit, in each case, as amended, supplemented, restated, modified, renewed, rearranged, increased, refunded, replaced or refinanced in whole or in part from time to time.

"Disqualified Equity" means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date on which the Notes mature. Notwithstanding the preceding sentence, any Equity Interest that would constitute Disqualified Equity solely because the holders thereof have the right to require the Partnership or a Restricted Subsidiary of the Partnership to repurchase such Equity Interests upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Equity if the terms of such Equity Interests provide that the Partnership or such Restricted Subsidiary may not repurchase or redeem any such Equity Interests pursuant to such provisions unless such repurchase or redemption complies with Section 5.02 hereof.

"Equity Offering" means any sale for cash of Equity Interests of the Partnership or any Restricted Subsidiary of the Partnership (excluding sales made to any Restricted Subsidiary and excluding sales of Disqualified Equity) (a) to the public pursuant to an effective registration statement under the Securities Act or (b) in a private placement pursuant to an exemption from the registration requirements of the Securities Act.

"Existing Indebtedness" means the aggregate principal amount of Indebtedness of the Partnership and its Restricted Subsidiaries in existence on the date of the Indenture.

"Exchange and Registration Rights Agreement" means (a) the Registration Rights Agreement among the Partnership, PAA Finance, the Subsidiary Guarantors and UBS Warburg LLC dated the Issue Date relating to the Series A Notes issued on such date and (b) any similar agreement that the Issuers may enter into in relation to any other Series A Notes, in each case as such agreement may be amended or modified from time to time.

"Exchange Offer" means the offer by the Issuers to the Holders of all outstanding Transfer Restricted Securities to exchange all such outstanding Transfer Restricted Securities held by such Holders for Series B Notes, in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders.

"Fitch" means Fitch, Inc. or any successor to the rating agency business thereof.

"Fixed Charges" means, with respect to any Person, for any period, the aggregate amount of (i) interest, whether expensed or capitalized, paid, accrued or scheduled to be paid or accrued during such period (except to the extent accrued in a prior period) in respect of all Indebtedness of such Person and its consolidated Restricted Subsidiaries (including (a) original issue discount on any Indebtedness and (b) the interest portion of all deferred payment obligations, calculated in accordance with the effective interest method, in each case to the extent attributable to such period), (ii) charges incurred in respect of letter of credit or bankers' acceptance financings, and (iii) dividend requirements on Disqualified Equity of such Person and its consolidated Restricted Subsidiaries (whether in cash or otherwise (non-cash dividends being valued as determined in good faith by the Board of Directors of such Person, as evidenced by a Board Resolution)) paid, accrued or scheduled to be paid or accrued during such period (except to the extent accrued in a prior period) and excluding items eliminated in consolidation.

For purposes of the definition of Fixed Charges, (a) interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP; (b) interest on Indebtedness that is determined on a fluctuating basis shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest of such Indebtedness in effect on the date Fixed Charges are being calculated, subject to the proviso in clause (c); (c) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Managing General Partner may designate (provided that, for the period following the date on which the rate actually chosen ceases to be in effect, the Managing General Partner may designate an optional rate other than that actually chosen, which optional rate shall be deemed to accrue at a fixed rate per annum equal to the rate of interest on such optional rate in effect on the date Fixed Charges are being calculated); and (d) Fixed Charges shall be increased or reduced by the net cost (including amortization of discount) or benefit associated with obligations pursuant to Hedging Obligations attributable to such period.

"Fixed Charge Coverage Ratio" means, with respect to any specified Person, for any period, the ratio of (1) the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period (the "Pro Forma Period") consisting of the most recent four full fiscal quarters for which financial information in respect thereof is available immediately prior to the date of the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio (the "Transaction Date") to (2) the aggregate Fixed Charges that such Person will accrue during the fiscal quarter in which the Transaction Date occurs and the three fiscal quarters immediately subsequent to such fiscal quarter on the aggregate amount of Indebtedness outstanding on the Transaction Date, including any Indebtedness proposed to be incurred on such date and excluding any Indebtedness repaid with the proceeds of such Indebtedness (as though all such Indebtedness was incurred or repaid on the first day of the quarter in which the Transaction Date occurred).

In addition to, but without duplication of, the preceding paragraph, for purposes of this definition Consolidated Cash Flow shall be calculated after giving effect (without duplication), on a pro forma basis for the Pro Forma Period (but no longer), to:

(1) any Investment, during the period commencing on the first day of the Pro Forma Period to and including the Transaction Date (the "Reference Period"), in any other Person that, as a result of such Investment, becomes a Restricted Subsidiary of such Person;

(2) the acquisition, during the Reference Period (by merger, consolidation or purchase of stock or assets) of any business or assets, which acquisition is not prohibited by the Indenture, including but not limited to Permitted Business Investments held by such Person or any Restricted Subsidiary of such Person, as if such acquisition had occurred on the first day of the Reference Period;

(3) any sales or other dispositions of assets by such Person or any Restricted Subsidiary of such Person occurring during the Reference Period, in each case as if such incurrence, Investment, repayment, acquisition or assets sale had occurred on the first day of the Reference Period; and

(4) interest income reasonably anticipated by such Person to be received during the Pro Forma Period from cash or Cash Equivalents held by such Person or any Restricted Subsidiary of such Person, which cash or Cash Equivalents exist on the Transaction Date or will exist as a result of the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio.

"Guarantee" means a guarantee of the Notes given by a Subsidiary Guarantor pursuant to the Indenture, including all obligations under Article IX hereof.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, by way of a pledge of assets, or through letters of credit or reimbursement, "claw-back,"

"make-well," or "keep-well" agreements in respect thereof), of all or any part of the payment of any Indebtedness. The term "guarantee" used as a verb has a corresponding meaning.

"Hedging Obligations" means, with respect to any Person, the net obligations (not the notional amount) of such Person under interest rate and commodity price swap agreements, interest rate and commodity price cap agreements, interest rate and commodity price collar agreements and foreign currency and commodity price exchange agreements, options or futures contracts or other similar agreements or arrangements or Hydrocarbon hedge contracts or Hydrocarbon forward sale contracts, in each case designed to protect such Person against fluctuations in interest rates, foreign exchange rates or commodity prices.

"Hydrocarbons" means oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

(1) borrowed money;

(2) bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), other than letters of credit issued by such Person in the ordinary course of business, to the extent not drawn;

(3) obligations for the reimbursement of banker's acceptances;

(4) Capital Lease Obligations;

(5) all Attributable Debt of such Person in respect of Sale and Lease-Back Transactions not involving a Capital Lease Obligation;

(6) the balance deferred and unpaid of the purchase price of any property, except to the extent payable in Equity Interests and except any such balance that constitutes an accrued expense or trade payable incurred in the ordinary course of business;

(7) Disqualified Equity; or

(8) any Hedging Obligations;

if and to the extent any of the preceding items (other than letters of credit, bankers' acceptances and Hedging Obligations) but excluding amounts recorded in accordance with Statement of Financial Accounting Standards No. 133 would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all obligations of the type referred to in clauses (1) through (8) above of others secured by a Lien on any asset of the specified Person (whether or not such obligations are assumed by the specified Person) and, to the extent not otherwise included, the guarantee by such Person of any obligations of the type referred to in clauses (1) through (8) above of any other Person, provided that a guarantee otherwise permitted by the Indenture to be incurred by the Partnership or any of its Restricted Subsidiaries of Indebtedness incurred by the Partnership or a Restricted Subsidiary in compliance with the terms of the Indenture shall not constitute a separate incurrence of Indebtedness.

The amount of any noncontingent Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

The amount of any contingent obligations constituting Indebtedness as of any date shall be the maximum amount of such obligations at such date, assuming the contingency in respect thereof had occurred as of such date.

For purposes of clause (7) of the first paragraph of this definition, Disqualified Equity shall be valued at the maximum fixed redemption, repayment or repurchase price, which shall be calculated in accordance with the terms of such Disqualified Equity as if such Disqualified Equity were repurchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture; provided, however, that if such Disqualified Equity is not then permitted by its terms to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Disqualified Equity.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's or BBB -- (or the equivalent) by S&P or Fitch.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender and commission, moving, travel and similar advances to officers and employees made in the ordinary course of business) or capital contributions, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment" and Section 5.02 hereof, (i) the term "Investment" shall include the portion (proportionate to the Partnership's Equity Interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Partnership or any of its Restricted Subsidiaries at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Partnership or such Restricted Subsidiary shall be deemed to continue to have a permanent "Investment" in such Subsidiary at the time immediately before the effectiveness of such redesignation less the portion (proportionate to the Partnership's or such Restricted Subsidiary's Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation, and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Managing General Partner. If the Partnership or any Restricted Subsidiary of the Partnership sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Partnership such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Partnership, the Partnership shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in Section 5.02(c) hereof.

"Issue Date" means the date of the first issuance of the Notes under the Indenture.

"Joint Venture" means any Person that is not a direct or indirect Subsidiary of the Partnership in which the Partnership or any Restricted Subsidiary makes an Investment.

"Marketing Agreement" means the 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, as such agreement may be amended, modified or supplemented from time to time.

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Net Income" means, with respect to any Person, the net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) the aggregate gain (but not loss in excess of such aggregate gain), together with any related provision for taxes on such gain, realized in connection with:

(a) any Asset Sale; or

(b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) the aggregate extraordinary gain (but not loss in excess of such aggregate extraordinary gain), together with any related provision for taxes on such aggregate extraordinary gain (but not loss in excess of such aggregate extraordinary gain).

"Net Proceeds" means, with respect to any Asset Sale, an amount equal to the aggregate proceeds received by the Partnership or any of its Restricted Subsidiaries in cash or Cash Equivalents in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any such sale), net of, without duplication, (i) the direct costs relating to such Asset Sale, including, without limitation, brokerage commissions and legal, accounting and investment banking fees, sales commissions, recording fees, title transfer fees, and any relocation expenses incurred as a result thereof, (ii) taxes paid or estimated to be payable as a result thereof, in each case after taking into account any available tax credits or deductions and any tax sharing arrangements, (iii) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale, (iv) all distributions and payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Sale and (v) any amounts to be set aside in any reserve established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such asset or assets or for liabilities associated with such Asset Sale and retained by the Partnership or any of its Restricted Subsidiaries until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reversed or the amount returned to the Partnership or its Restricted Subsidiaries from such escrow arrangement, as the case may be.

"Non-Recourse Debt" means Indebtedness as to which:

(1) neither the Partnership nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender of such Indebtedness;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Partnership or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity; and

(3) the lenders have been notified in writing that they shall not have any recourse to the stock or assets of the Partnership or any of its Restricted Subsidiaries.

"Notes" has the meaning assigned to it in Section 1.01(a) hereof, and includes both the Series A Notes and the Series B Notes.

"Obligations" means any principal, interest, liquidated damages, penalties, fees, indemnifications, reimbursement obligations, damages and other liabilities payable under the documentation governing any Indebtedness.

"Operating Surplus" shall have the meaning assigned to such term in the Partnership Agreement, as in effect on the date of the Indenture.

"Partnership Agreement" means the Third Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P., amended and restated effective as of June 27, 2001, as such may be amended, modified or supplemented from time to time.

"Partnership Credit Facilities" means (1) the Second Amended and Restated Credit Agreement [Letter of Credit and Hedged Inventory Facility] dated July 2, 2002 and (2) the Second Amended and Restated Credit Agreement [Revolving Credit Facility] dated July 2, 2002, each among Plains Marketing, L.P., All American Pipeline, L.P., Plains All American Pipeline, L.P., and Fleet National Bank and certain other lenders party thereto, including any deferrals, renewals, extensions, replacements, refinancings or refundings thereof, and any amendments, modifications or supplements thereto and any agreement providing therefor (including any restatement thereof and any increases in the amount of commitments thereunder), whether by or with the same or any other lenders, creditors, group of lenders or group of creditors and including related notes, guarantees, collateral security documents and other instruments and agreements executed in connection therewith.

"Permitted Business" means either (1) marketing, gathering, transporting (by barge, pipeline, ship, truck or other modes of Hydrocarbon transportation), terminalling, storing, producing, acquiring, developing, exploring for, exploiting, producing, processing, dehydrating and otherwise handling Hydrocarbons, including, without limitation, constructing pipeline, platform, dehydration, processing and other energy-related facilities, and activities or services reasonably related or ancillary thereto including entering into Hedging Obligations to support these businesses, or (2) any other business that generates gross income that constitutes "qualifying income" under Section 7704(d) of the Code.

"Permitted Business Investments" means Investments by the Partnership or any of its Restricted Subsidiaries in any Unrestricted Subsidiary of the Partnership or in any Joint Venture, provided that:

(1) either (a) at the time of such Investment and immediately thereafter, the Partnership could incur $1.00 of additional Indebtedness under the Fixed Charge Coverage ratio test set forth in Section 5.03(a) hereof above or (b) such Investment does not exceed the aggregate amount of Incremental Funds (as defined in Section 5.02 hereof) not previously expended at the time of making such Investment;

(2) if such Unrestricted Subsidiary or Joint Venture has outstanding Indebtedness at the time of such Investment, either (a) all such Indebtedness is Non-Recourse Debt or (b) any such Indebtedness of such Unrestricted Subsidiary or Joint Venture that is recourse to the Partnership or any of its Restricted Subsidiaries (which shall include, without limitation, all Indebtedness of such Unrestricted Subsidiary or Joint Venture for which the Partnership or any of its Restricted Subsidiaries may be directly or indirectly, contingently or otherwise, obligated to pay, whether pursuant to the terms of such Indebtedness, by law or pursuant to

any guarantee (including, without limitation, any "claw-back," "make-well" or "keep-well" arrangement) could, at the time such Investment is made, be incurred at that time by the Partnership and its Restricted Subsidiaries under the Fixed Charge Coverage ratio test set forth in Section 5.03(a) hereof and

(3) such Unrestricted Subsidiary's or Joint Venture's activities are not outside the scope of the Permitted Business.

"Permitted Contango Market Transaction Obligations" means Indebtedness of the Partnership or any of its Restricted Subsidiaries under letters of credit, bankers' acceptances or borrowed money obligations, or in lieu of or in addition to such letters of credit or borrowed money, guarantees of such Indebtedness or other obligations of the Partnership or any Restricted Subsidiary by the Partnership or any other Restricted Subsidiary, as applicable, related to a Contango Market Transaction, provided that, (1) if the Partnership or such Restricted Subsidiary has entered into such a contract to resell at a subsequent date, as distinguished from establishing a position using New York Mercantile Exchange Crude Oil Future contracts to resell at a subsequent date, (a) the Person with which the Partnership or such Restricted Subsidiary has such contract to sell has an Investment Grade Rating, or in lieu thereof, a Person guaranteeing the payment of such obligated Person has an Investment Grade Rating, or (b) such Person posts a letter of credit in favor of the Partnership or such Restricted Subsidiary with respect to such contract and (2) for the period commencing on the date the Partnership or such Restricted Subsidiary is obligated to take delivery of such Hydrocarbons so purchased by it and until and including the date on which delivery to the purchaser is fulfilled, the Partnership or such Restricted Subsidiary has the right and ability to store such quantity and quality of Hydrocarbons in storage facilities owned, leased, operated or otherwise controlled by the Partnership or any Restricted Subsidiary or in pipelines, or such Hydrocarbons are in transit to such facilities.

"Permitted Investments" means:

(1) any Investment in the Partnership or in a Restricted Subsidiary of the Partnership (excluding redemptions, purchases, acquisitions or other retirements of Equity Interests in the Partnership);

(2) any Investment in cash or Cash Equivalents;

(3) any Investment by the Partnership or any of its Restricted Subsidiaries in a Person if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Partnership; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Partnership or a Restricted Subsidiary of the Partnership;

(4) any Investment made as a result of the receipt of consideration consisting of other than cash or Cash Equivalents from (a) an Asset Sale that was made pursuant to and in compliance with Section 5.05 hereof or (b) a disposition of assets not constituting an Asset Sale pursuant to clause (1) of the items deemed not to be Asset Sales under the definition of "Asset Sale";

(5) payroll advances in the ordinary course of business and other advances and loans to officers and employees of the Partnership or any of its Restricted Subsidiaries, so long as the aggregate principal amount of such advances and loans that constitute Investments does not exceed $2.0 million at any one time outstanding;

(6) Investments in stock, obligations or securities received in settlement of debts owing to the Partnership or any of its Restricted Subsidiaries as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection or enforcement of any Lien in favor of the Partnership or any such Restricted Subsidiary, in each case as to debts owing to the Partnership or any of its Restricted Subsidiaries that arose in the ordinary course of business of the Partnership or any such Restricted Subsidiary;

(7) any Investment in Hedging Obligations;

(8) any Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation and performance and other similar deposits and prepaid expenses made in the ordinary course of business;

(9) any Investments required to be made pursuant to any agreement or obligation of the Partnership or any of its Restricted Subsidiaries in effect on the Issue Date and listed on Schedule A to this Supplemental Indenture; and

(10) other Investments in any Person engaged in a Permitted Business (other than an Investment in an Unrestricted Subsidiary) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10) since the date of the Indenture and existing at the time the Investment, which is the subject of the determination, was made, not to exceed $5.0 million; and

(11) Investments in any Unrestricted Subsidiary or Joint Venture having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (11) since the date of the Indenture and existing at the time of Investment, which is the subject of the determination, was made, not to exceed $5.0 million.

"Permitted Liens" means:

(1) Liens securing Indebtedness under the Credit Facilities in an aggregate principal amount not to exceed $1.13 billion;

(2) Liens securing reimbursement obligations of the Partnership or any of its Restricted Subsidiaries with respect to letters of credit or bankers' acceptances encumbering only documents and other property relating to such letters of credit and the products and proceeds thereof;

(3) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of the Partnership and its Restricted Subsidiaries;

(4) Liens in favor of the Partnership or any of its Restricted Subsidiaries;

(5) any interest or title of a lessor in the property subject to a Capital Lease Obligation or an operating lease;

(6) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Partnership or any Restricted Subsidiary of the Partnership, provided that such Liens were in existence prior to its contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Partnership or such Restricted Subsidiary;

(7) (a) Liens on property existing at the time of acquisition thereof by the Partnership or any Restricted Subsidiary of the Partnership or (b) Liens on property of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated as a Restricted Subsidiary in accordance with this Supplemental Indenture, provided that such Liens were in existence prior to the contemplation of such acquisition or designation and relate solely to such property, accessions thereto and the proceeds thereof;

(8) Liens to secure the performance of tenders, bids, statutory obligations, surety or appeal bonds, government contracts, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(9) Liens on any property or asset acquired, developed, constructed, repaired or improved by the Partnership or any of its Restricted Subsidiaries in the ordinary course of business (a "Purchase Money Lien"), which (A) are in favor of the seller of such property or assets, in favor of the Person developing, constructing, repairing or improving such asset or property, or in favor of the Person that provided the funding for the acquisition, development, construction, repair or improvement of such asset or property, (B) are created within 360 days after the date of acquisition, development, construction, repair or improvement, (C) secure the purchase price or development, construction, repair or improvement cost, as the case may be, of such asset or property in an amount up to the lesser of (x) 100% of the cost of such property or asset acquired, developed, constructed, repaired or improved (taking into consideration the cost of such acquisition, development, construction, repair or improvement) or (y) 100% of the fair market value (as determined by the Board of Directors of the Managing General Partner) of such acquisition, development, construction, repair or improvement of such asset or property, and (D) are limited to the asset or property so acquired, developed, constructed, repaired or improved (including proceeds thereof, accessions thereto and upgrades thereof);

(10) Liens existing on the date of the Indenture, other than Liens securing the Credit Facilities;

(11) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any Joint Venture owned by the Partnership or any Restricted Subsidiary of the Partnership to the extent securing Non-Recourse Debt or other Indebtedness of such Unrestricted Subsidiary or Joint Venture otherwise permitted by the Fixed Charge Coverage Ratio test set forth in Section 5.03(a) hereof;

(12) Liens on pipelines or pipeline facilities that arise by operation of law;

(13) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of the Partnership's or any Restricted Subsidiary's business that are customary in the Permitted Business;

(14) prejudgment, judgment and attachment Liens not giving rise to a Default or an Event of Default;

(15) Liens securing the Obligations of the Issuers under the Notes and the Indenture and of the Subsidiary Guarantors under the Guarantees;

(16) Liens upon specific items of inventory, receivables or other goods and proceeds of the Partnership or any of its Restricted Subsidiaries securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods and permitted under Section 5.03 hereof;

(17) Liens securing any Indebtedness equally and ratably with all Obligations due under the Notes, the Indenture or any Guarantee pursuant to a contractual covenant that limits Liens in a manner substantially similar to the covenant contained in Section 5.06 hereof;

(18) Liens incurred in the ordinary course of business of the Partnership or any Restricted Subsidiary of the Partnership with respect to Indebtedness that at the time of incurrence does not exceed 10% of the Consolidated Net Tangible Assets of the Partnership;

(19) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Partnership or any of its Restricted Subsidiaries on deposit with or in possession of such bank;

(20) Liens to secure performance of Hedging Obligations of the Partnership or a Restricted Subsidiary of the Partnership; and

(21) any Lien renewing, extending, refinancing or refunding a Lien permitted by clauses (1) through (20) above; provided that (a) the principal amount of the Indebtedness secured by such Lien does not exceed the principal amount of such Indebtedness outstanding immediately prior to the renewal, extension, refinance or refund of such Lien and (b) no assets encumbered by any such Lien other than the assets permitted to be encumbered immediately prior to such renewal, extension, refinance or refund are encumbered thereby.

"Permitted Marketing Obligations" means, other than Permitted Operating Obligations or Indebtedness relating to Contango Market Transactions, Indebtedness of the Partnership or any Restricted Subsidiary of the Partnership under letter of credit or borrowed money obligations, or in lieu of or in addition to such letters of credit or borrowed money, guarantees of such Indebtedness or other obligations of the Partnership or any Restricted Subsidiary of the Partnership by any other Restricted Subsidiary or the Partnership, as applicable, related to the purchase by the Partnership or any Restricted Subsidiary of the Partnership of Hydrocarbons for

which the Partnership or such Restricted Subsidiary has contracts to sell; provided, that if such Indebtedness or obligations are guaranteed by the Partnership or any Restricted Subsidiary of the Partnership, then either (1) the Person with which the Partnership or such Restricted Subsidiary has contracts to sell has an Investment Grade Rating, or in lieu thereof, a Person guaranteeing the payment of such obligated Person has an Investment Grade Rating, or (2) such Person posts, or has posted for it, a letter of credit in favor of the Partnership and such Restricted Subsidiary with respect to all of such Person's obligations to the Partnership or such Restricted Subsidiary under such contracts.

"Permitted Operating Obligations" means Indebtedness of the Partnership or any Restricted Subsidiary of the Partnership in respect of one or more standby letters of credit, bid, performance or surety bonds, or other reimbursement obligations, issued for the account of, or entered into by, the Partnership or any Restricted Subsidiary of the Partnership in the ordinary course of business (excluding obligations related to the purchase by the Partnership or any Restricted Subsidiary of Hydrocarbons for which the Partnership or such Restricted Subsidiary of the Partnership has contracts to sell), or in lieu of any thereof or in addition to any thereto, guarantees and letters of credit supporting any such obligations and Indebtedness (in each case, other than for an obligation for borrowed money, other than borrowed money represented by any such letter of credit, bid, performance or surety bond, or reimbursement obligations itself, or any guarantee and letter of credit related thereto).

"Permitted Refinancing Indebtedness" means any Indebtedness of the Partnership or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Partnership or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of, plus accrued interest on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of necessary fees and expenses incurred in connection therewith and any premiums paid on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded);

(2) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or the Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Guarantees, as the case may be, on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) if the Partnership is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded, then such Permitted Refinancing Indebtedness is solely its Indebtedness.

"Qualifying Director" means (i) any Person who is a member of the Board of Directors of the Managing General Partner on the Issue Date, (ii) any Person, who, at the time of initial appointment or election to the Board of Directors of the Managing General Partner, is designated by any Qualifying Owner as its representative on the Board of Directors of the Managing General Partner and (iii) any Person elected as a member of the Board of Directors of the Managing General Partner by a majority of the ownership interests in the Managing General Partner at a time when Qualifying Owners own a majority of the ownership interests of the Managing General Partner entitling the holders thereof to vote in elections for directors.

"Qualifying Owners" means (i) the owners of the Managing General Partner on the Issue Date, consisting of Plains Holdings Inc., E-Holdings III, L.P., Kafu Holdings, L.P., Mark E. Strome, First Union Investors, Inc. and Sable Investments L.P., or any Affiliate of the foregoing and (ii) any transferee of any of the foregoing to the extent such transferee is approved by a majority of the ownership interests of the then Qualifying Owners (other than the transferor) or any Affiliate of any of the foregoing.

"Rating Category" means:

(1) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories) and

(2) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories).

"Rating Decline" means a decrease in the rating of the Notes by either Moody's or S&P by one or more gradations (including gradations within Rating Categories as well as between Rating Categories). In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories, namely + and - for S&P, and 1, 2 and 3 for Moody's, shall be taken into account; for example, in the case of S&P, a rating decline either from BB+ to BB or BB- to B+ shall constitute a decrease of one gradation.

"Restricted Investment" means an Investment other than a Permitted Investment or a Permitted Business Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referenced Person that is not an Unrestricted Subsidiary. Notwithstanding anything in the Indenture to the contrary, PAA Finance shall be a Restricted Subsidiary of the Partnership.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

"Sale and Lease-Back Transaction" means an arrangement relating to property owned by the Partnership or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Partnership or a Restricted Subsidiary whereby the Partnership or a Restricted Subsidiary transfers such property to a Person and the Partnership or a Restricted Subsidiary leases it from such Person.

"Securities" shall have the meaning assigned to such term in the Exchange and Registration Rights Agreement relating thereto.

"Senior Debt" means:

(1) all Indebtedness outstanding under the Credit Facilities and all Hedging Obligations;

(2) any other Indebtedness permitted to be incurred by the Partnership and the Restricted Subsidiaries under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated or junior in right of payment to the Notes; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2).

Notwithstanding anything to the contrary in the preceding, Senior Debt shall not include:

(1) any Indebtedness that is expressly subordinated or junior in right of payment to any Indebtedness of the Partnership or any Subsidiary Guarantor;

(2) any obligations with respect to any Equity Interests;

(3) any liability for federal, state, local or other taxes owed or owing by the Partnership or any Subsidiary Guarantor;

(4) any Indebtedness of the Partnership or any of its Subsidiaries to any of its Subsidiaries or other Affiliates;

(5) any trade payables; or

(6) any Indebtedness that is incurred in violation of the Indenture.

"Series A Notes" means the Issuers' 7 3/4% Series A Senior Notes due 2012 to be issued pursuant to this Supplemental Indenture.

"Series B Notes" means the Issuers' 7 3/4% Series B Notes due 2012 to be issued pursuant to an Exchange Offer.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act and the Exchange Act, as such Regulation is in effect on the Issue Date.

"Subsidiary Guarantors" means each of:

(1) the Subsidiaries of the Partnership on the Issue Date;

(2) any other Subsidiary that executes a supplemental Indenture to provide a Guarantee in accordance with the provisions of the Indenture; and

(3) their respective successors and assigns.

Notwithstanding anything in the Indenture to the contrary, neither PAA Finance nor 3794865 Canada Ltd. shall be a Subsidiary Guarantor.

"Transfer Restricted Securities" means the Securities under the Exchange and Registration Rights Agreement relating thereto.

"Unrestricted Subsidiary" means any Subsidiary of the Partnership (other than PAA Finance) that is designated by the Board of Directors of the Managing General Partner as an Unrestricted Subsidiary pursuant to a Board Resolution; provided that (i) all Indebtedness of such Subsidiary is Non-Recourse Debt or any Indebtedness of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization of such Subsidiary or by law) that (a) is guaranteed by the Partnership or any other Restricted Subsidiary or is otherwise recourse to or obligates the Partnership or any Restricted Subsidiary in any way (including any "claw-back," "keep-well," "make-well" or other agreements, arrangements or understandings to maintain the financial performance of such Subsidiary or to otherwise infuse or contribute cash to such Subsidiary) or (b) subjects any property or assets of the Partnership or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction of such Indebtedness, shall be treated as an incurrence of such Indebtedness and an Investment in that Subsidiary by the Partnership or such Restricted Subsidiary (or both), as the case may be, and subject to the provisions of Section 5.02 and the Fixed Charge Coverage Ratio test set forth in Section 5.03(a) hereof at the time of the designation of such Subsidiary as an Unrestricted Subsidiary or, if later, at the time such Unrestricted Subsidiary becomes obligated with respect to that Indebtedness, (ii) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly, and (iii) the amount of the Partnership's Investment, as determined at the time of such designation, in such Subsidiary since the Issue Date to the date of such designation is treated as of the date of such designation as a Restricted Investment, Permitted Investment or Permitted Business Investment, as applicable. As of the date of the Indenture, no Subsidiary of the Partnership is designated as an Unrestricted Subsidiary. Notwithstanding anything in the Indenture to the contrary, PAA Finance shall not be, and shall not be designated as, an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Partnership as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a Board Resolution of the Managing General Partner giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 5.02 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Partnership as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 5.03 hereof the Partnership shall be in default of such covenant. The Board of Directors of the Managing General Partner may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Partnership of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall be permitted only if (1) such Indebtedness is permitted under Section 5.03 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"Voting Stock" of any Person as of any date means the Equity Interests of such Person pursuant to which the holders thereof have the general voting power under ordinary

circumstances to elect at least a majority of the board of directors, managers, general partners or trustees of any Person (regardless of whether, at the time, Equity Interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that shall elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" means any Restricted Subsidiary of the Partnership of which all of the outstanding Equity Interests (other than directors' qualifying shares, if any, or other ownership interests required by applicable law to be held by third parties) shall at the time be owned, directly or indirectly, by the Partnership and its Restricted Subsidiaries.

Section 2.02. Other Definitions.

Term	Defined in Section
"Additional Notes"	3.02
"Affiliate Transaction"	5.08
"Applicable Premium"	4.01
"Asset Sale Offer"	4.03
"Change of Control Offer"	5.09
"Change of Control Payment"	5.09
"Change of Control Payment Date"	5.09
"Covenant Defeasance"	8.03
"Event of Default"	7.01
"Excess Proceeds"	5.06
"IAIs"	3.01
"Incremental Funds"	5.02
"incur"	5.03
"Legal Defeasance"	8.02
"Note Obligations"	9.01
"Offer Amount"	4.03
"Offer Period"	4.03
"Payment Default	7.01
"Permitted Debt"	5.03
"Purchase Date"	4.03

"QIBs"	3.01
"Regulation S"	3.01
"Reinstatement Date"	5.17
"Resale Restriction Termination Date"	3.04
"Restricted Payments"	5.02
"Rule 144A"	3.01
"Successor"	6.01
"Treasury Rate"	4.01
"U.S. Persons"	3.01

ARTICLE III

THE NOTES

Section 3.01. Form. The Notes shall be issued initially in the form of one or more Global Securities as Series A Notes, and the Series A Notes and Trustee's authentication shall be substantially in the form of Exhibit A hereto, the terms of which are incorporated in and made a part of this Supplemental Indenture, and the Issuers and the Trustee, by their execution and delivery of this Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby. The Series A Notes constituting Transfer Restricted Securities will be resold initially only to (a) Qualified Institutional Buyers (as such term is defined in Section 144A of the Securities Act) ("QIBs") in reliance on Rule 144A of the Securities Act ("Rule 144A") and (b) Persons other than U.S. Persons (as defined under Regulation S under the Securities Act ("Regulation S")) ("U.S. Persons") in reliance on Regulation S. Thereafter, the Series A Notes may be transferred to, among others, QIBs, purchasers in reliance upon Regulation S and institutional "accredited investors" (as defined in Rule 501 of the Securities Act ("IAIs")) in accordance with the procedures set forth in Rule 501 of the Securities Act, provided that any Series A Notes constituting Transfer Restricted Securities that are transferred to IAIs who are not QIBs shall be issued only in definitive form. Pursuant to the terms of an Exchange and Registration Rights Agreement, upon consummation of the Exchange Offer contemplated thereby, the Series A Notes constituting Transfer Restricted Securities will be exchanged by the Holders for Series B Notes to be issued by the Issuers in accordance with Section 3.03 hereof. The Series B Notes shall be issued initially in the form of one or more Global Securities, and the Series B Notes and the Trustee's authentication shall be substantially in the form of Exhibit A hereto.

Section 3.02. Issuance of Additional Notes. The Issuers may, subject to Section 5.03 hereof, issue an unlimited amount of additional Series A Notes ("Additional Notes") under the Indenture which shall be issued in the same form as the Series A Notes issued on the Issue Date and which shall have identical terms as the Series A Notes issued on the Issue Date other than with respect to the issue date, issue price and first payment of interest. The Series A Notes issued on the Issue Date shall be limited in aggregate principal amount to $200,000,000. The Series A Notes issued on the Issue Date and any Additional Notes subsequently issued, together with any Series B Notes issued in exchange therefor pursuant to an Exchange Offer, shall be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase.

Section 3.03. Transfer of Transfer Restricted Securities.

(a) When Notes are presented to the Registrar with the request to register the transfer of such Notes or exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar shall register the transfer or make the exchange in accordance with Article II of the Original Indenture. In addition, in the case of Series A Notes that are Transfer Restricted Securities, such request to register the transfer or make the exchange shall be accompanied by the following additional information and documents, as applicable, upon which the Registrar may conclusively rely:

(1) if such Transfer Restricted Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect in substantially the form of Exhibit C hereto; or

(2) if such Transfer Restricted Securities are being transferred (i) to a QIB in accordance with Rule 144A under the Securities Act or (ii) pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act (and based upon an opinion of counsel if the Issuers or the Trustee so requests) or (iii) pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder in substantially the form of Exhibit C hereto; or

(3) if such Transfer Restricted Securities are being transferred to an IAI within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act pursuant to a private placement exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Issuers or the Trustee so requests), a certification to that effect from such Holder in substantially the form of Exhibit C hereto and a certification from the applicable transferee in substantially the form of Exhibit D hereto; or

(4) if such Transfer Restricted Securities are being transferred to Persons other than U.S. Persons in reliance on Regulation S, a certification to that effect from such Holder in substantially the form of Exhibit E hereto; or

(5) if such Transfer Restricted Securities are being transferred in reliance on another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Issuers or the Trustee so requests), a certification to that effect from such Holder in substantially the form of Exhibit C hereto.

(b) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Security) pursuant to Rule 144 under the Securities Act or an effective registration statement under the Securities Act:

(1) in the case of any Transfer Restricted Security that is in the form of a definitive Note, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a definitive Note that does not bear the legend set forth in Section 3.04(a) below and rescind any restriction on the transfer of such Transfer Restricted Security; and

(2) in the case of any Transfer Restricted Security represented by a Global Security, such Transfer Restricted Security shall not be required to bear the legend set forth in Section 3.04(a) below if all other interests in such Global Security have been or are concurrently being sold or transferred pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act.

Notwithstanding the foregoing, upon consummation of an Exchange Offer, the Issuers shall issue and, upon receipt of an authentication order in accordance with Section 2.05 of the Original Indenture, the Trustee shall authenticate Series B Notes in exchange for Series A Notes accepted for exchange in the Exchange Offer, which Series B Notes shall not bear the legend set forth in Section 3.04(a) below, and the Registrar shall rescind any restriction on the transfer of such Notes, in each case unless the Holder of such Series A Notes is either (A) a Person participating in the distribution of the Series A Notes or (B) a Person who is an affiliate (as defined in Rule 144 under the Securities Act) of the Issuers. The Issuers shall identify to the Trustee such Holders of the Notes in a written certification signed by an officer of each Issuer and, absent certification from the Issuers to such effect, the Trustee shall assume that there are no such Holders.

(c) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Security) initially resold to Persons other than U.S. Persons in reliance upon Regulation S pursuant to (i) Regulation S following 40 consecutive days beginning on and including the later of the day on which such Transfer Restricted Security was offered to Persons other than "distributors" (as such term is defined in Regulation S) and the date of the closing of the original offering, or (ii) an effective registration statement under the Securities Act, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a definitive Note that does not bear the legend set forth in Section 3.04(b) below and rescind any restriction on the transfer of such Transfer Restricted Security.

Section 3.04. Restrictive Legends.

(a) Except as provided in Section 3.03 hereof, prior to the Resale Restriction Termination Date, each security certificate evidencing the Notes shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS SECURITY, AGREES FOR THE BENEFIT OF THE ISSUERS THAT THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE THERETO UNDER RULE 144(k) UNDER THE SECURITIES ACT WHICH IS APPLICABLE TO THIS SECURITY (THE "RESALE RESTRICTION TERMINATION DATE") OTHER THAN (1) TO THE ISSUERS OR THEIR RESPECTIVE SUBSIDIARIES, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE

PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN EACH CASE TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) INSIDE THE UNITED STATES TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT), (4) TO A NON-"U.S. PERSON" IN AN "OFFSHORE TRANSACTION" (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (5) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, INCLUDING THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL, AND SUBJECT TO THE RIGHT OF THE ISSUERS OR THE TRUSTEE FOR THE SECURITIES PRIOR TO ANY SUCH SALE, PLEDGE OR OTHER TRANSFER ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON REQUEST OF THE HOLDER ON OR AFTER THE RESALE RESTRICTION TERMINATION DATE.

(b) Each security certificate evidencing the Global Securities shall bear a legend in substantially the following form:

THIS GLOBAL SECURITY IS HELD BY OR ON BEHALF OF THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (A) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.08 OF THE ORIGINAL INDENTURE, (B) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.15 OF THE ORIGINAL INDENTURE, (C) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE ORIGINAL INDENTURE AND (D) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY OR ITS NOMINEE WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS.

ARTICLE IV

REDEMPTION AND PREPAYMENT

Section 4.01. Optional Redemption.

(a) At their option, the Issuers may choose to redeem all or any portion of the Notes, at once or from time to time.

(b) To redeem the Notes, the Issuers must pay a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, and Additional Interest, if any, to, the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date).

"Applicable Premium" means, with respect to any Note on any redemption date, the greater of (i) 1.0% of the principal amount of the Note and (ii) the excess of (A) the present value at such time of the principal amount of such Note plus any required interest payments due on such Note from the redemption date to October 15, 2012 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate on such redemption date plus 50 basis points over (B) the principal amount of such Note.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to October 15, 2012; provided, however, that if the period from the redemption date to October 15, 2012 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

(c) Any redemption pursuant to this Section 4.01 shall be made pursuant to the provisions of Sections 3.01 through 3.03 of the Original Indenture. The actual redemption price shall be set forth in an Officers' Certificate delivered to the Trustee no later than two Business Days prior to each redemption date.

Section 4.02. Mandatory Redemption. Except as set forth in Sections 5.05 and 5.09 hereof, the Issuers shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 4.03. Offer to Purchase by Application of Excess Proceeds. In the event that, pursuant to Section 5.05 hereof, the Issuers shall be required to commence an Asset Sale Offer to all Holders of the Notes and all holders of Indebtedness that is pari passu with the Notes, the Issuers shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of 20 business days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five business days after the termination of the Offer Period (the "Purchase Date"), the Issuers shall purchase the principal amount of Notes required to be purchased pursuant to Section 5.05 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as principal payments are made at the Stated Maturity.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a

Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Issuers shall send, by first class mail, a notice to the Trustee and each of the Holders. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(a) that the Asset Sale Offer is being made pursuant to this Section 4.03 and Section 5.05 hereof and the length of time the Asset Sale Offer shall remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not tendered or accepted for payment shall continue to accrue interest;

(d) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may only elect to have all of such Note purchased and may not elect to have only a portion of such Note purchased;

(f) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Issuers, a Depositary, if appointed by the Issuers, or a paying agent at the address specified in the notice at least three days before the Purchase Date;

(g) that Holders shall be entitled to withdraw their election if the Issuers, the Depositary or the paying agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(h) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Trustee shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Issuers so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(i) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuers shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or

portions thereof were accepted for payment by the Issuers in accordance with the terms of this Section 4.03. The Issuers, the Depositary or the paying agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuers for purchase, and the Issuers shall promptly issue a new Note, and the Trustee, upon written request from the Issuers shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof. The Issuers shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable to the purchase of the Notes in a Change of Control Offer or Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.03, Section 5.05 or Section 5.09, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have committed a breach of their obligations under such provisions by virtue of such conflict.

ARTICLE V

COVENANTS

Section 5.01. Compliance Certificate. (a) In lieu of the Officers' Certificate required by Section 4.05 of the Original Indenture, the Issuers and Subsidiary Guarantors shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Partnership and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers (one of whom shall be the principal executive, financial or accounting officer of each Issuer and Subsidiary Guarantor) with a view to determining whether the Issuers have kept, observed, performed and fulfilled their obligations under the Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Issuers have kept, observed, performed and fulfilled each and every covenant contained in the Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of the Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuers are taking or propose to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuers are taking or propose to take with respect thereto.

(b) The Issuers shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith and in any event within five days upon any Officer becoming aware of any Default or Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Issuers are taking or propose to take with respect thereto.

Section 5.02. Restricted Payments.

(a) The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Partnership's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Partnership or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Partnership's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than distributions or dividends payable in Equity Interests of the Partnership (other than Disqualified Equity) and other than distributions or dividends payable to the Partnership or to a Wholly Owned Restricted Subsidiary);

(ii) except to the extent permitted by clause (iv) of this Section 5.02, purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving an Issuer) any Equity Interests of the Partnership or any of its Restricted Subsidiaries (other than any such Equity Interests owned by the Partnership or by any of its Wholly Owned Restricted Subsidiaries);

(iii) except to the extent permitted by clause (iv) of this Section 5.02, make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness of the Partnership or any Restricted Subsidiary that is subordinated by its terms to the Notes or the Subsidiary Guarantees, except (A) a payment of interest or principal at the Stated Maturity thereof and (B) a purchase, redemption, acquisition or retirement required to be made pursuant to the terms of such Indebtedness (including pursuant to an asset sale or change of control provision); or

(iv) make any Investment other than a Permitted Investment or a Permitted Business Investment

(all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either:

(I) if the Fixed Charge Coverage Ratio for the Partnership's four most recent fiscal quarters for which internal financial statements are available is not less than 1.75 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Partnership and its Restricted Subsidiaries with respect to the quarter for which such Restricted Payment is made, is less than the sum, without duplication, of:

(A) Available Cash from Operating Surplus with respect to the immediately preceding quarter, plus

(B) the sum of the aggregate net cash proceeds and the fair market value of any assets or rights used or useful in a Permitted Business received by the Partnership or any of its Restricted Subsidiaries in connection with (i) a capital contribution to the Partnership from any Person (other than a Restricted Subsidiary of the Partnership) made after the Issue Date or a capital contribution to a Restricted Subsidiary from any Person (other than the Partnership or another Restricted

Subsidiary) made after the Issue Date, or (ii) an issuance and sale made after the Issue Date of Equity Interests (other than Disqualified Equity) of the Partnership or from the issuance or sale made after the Issue Date of convertible or exchangeable Disqualified Equity or convertible or exchangeable debt securities of the Partnership that have been converted into or exchanged for such Equity Interests (other than Disqualified Equity), plus

(C) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or Cash Equivalents or otherwise liquidated or repaid for cash or Cash Equivalents, the lesser of the refund of capital or similar payment made in cash or Cash Equivalents with respect to such Restricted Investment (less the cost of such disposition, if any) and the initial amount of such Restricted Investment (other than to a Restricted Subsidiary of the Partnership), plus

(D) the net reduction in Restricted Investments resulting from dividends, repayments of loans or advances, or other transfers of assets in each case to the Partnership or any of its Restricted Subsidiaries from any Person (including, without limitation, Unrestricted Subsidiaries) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, to the extent such amounts have not been included in Available Cash from Operating Surplus for any period commencing on or after the Issue Date (items (B), (C) and (D) being referred to as "Incremental Funds"), minus

(E) the aggregate amount of Incremental Funds previously expended pursuant to this clause (I) and clause (II) below; or

(II) if the Fixed Charge Coverage Ratio for the Partnership's four most recent fiscal quarters for which internal financial statements are available is less than 1.75 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Partnership and its Restricted Subsidiaries with respect to the quarter for which such Restricted Payment is made (such Restricted Payments for purposes of this clause (II) meaning only distributions on common units of the Partnership, plus the related distribution on the general partner interest), is less than the sum, without duplication, of

(x) $75.0 million less the aggregate amount of all Restricted Payments declared or made by the Partnership and its Restricted Subsidiaries pursuant to this clause (II)(x) during the period ending on the last day of the fiscal quarter of the Partnership immediately preceding the date of such Restricted Payment and beginning on the Issue Date, plus

(y) Incremental Funds to the extent not previously expended pursuant to this clause (II) or clause (I) above.

(b) So long as no Default has occurred and is continuing or would be caused thereby (except with respect to clause (i) below under which the payment of a distribution or dividend is permitted), Section 5.02(a) hereof shall not prohibit:

(i) the payment by the Partnership or any Restricted Subsidiary of any distribution or dividend within 60 days after the declaration thereof, if at said date of declaration such payment would have complied with the provisions of the Indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any Indebtedness of the Partnership or any of its Restricted Subsidiaries that is subordinated to the Notes or the Guarantees or of any Equity Interests of the Partnership or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of, a substantially concurrent (A) capital contribution to the Partnership or such Restricted Subsidiary from any Person (other than the Partnership or another Restricted Subsidiary) or (B) sale (a sale shall be deemed substantially concurrent if such redemption, repurchase, retirement, defeasance or acquisition occurs not more than 120 days after such sale) (other than to a Restricted Subsidiary of the Partnership) of Equity Interests (other than Disqualified Equity) of the Partnership or such Restricted Subsidiary; provided, however, that the amount of any net cash proceeds that are utilized for any such redemption, repurchase or other acquisition or retirement shall be excluded or deducted from the calculation of Available Cash from Operating Surplus and Incremental Funds;

(iii) the defeasance, redemption, repurchase or other acquisition of Indebtedness of the Partnership or any Restricted Subsidiary that is subordinated to the Notes or the Guarantees with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(iv) the payment of any distribution or dividend by a Restricted Subsidiary to the Partnership or to the holders of its Equity Interests (other than Disqualified Equity) on a pro rata basis;

(v) the purchase or other acquisition of one or more Equity Interests in the Partnership from former employees of the Partnership; provided, that the aggregate price paid for all such purchased or acquired Equity Interests shall not exceed $2.0 million in any twelve month period;

(vi) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests to satisfy awards under the General Partner's 1998 Long-Term Incentive Plan, as amended, provided such repurchases do not exceed an aggregate of 1,425,000 common units (as such number may be adjusted for any subdivision or combination of common units) after the Issue Date; and

(vii) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Partnership or any Restricted Subsidiary of the Partnership pursuant to any management equity subscription agreement or equity option agreement or other employee benefit plan or to satisfy obligations under any Equity Interests appreciation rights or option plan or similar arrangement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests does not exceed $5.0 million in any calendar year; provided, further, that if the amount so paid in any calendar year is less than $5.0 million, such shortfall may be used to so repurchase, redeem, acquire or retire Equity Interests in either of the next two calendar years in addition to the $5.0 million that may otherwise be paid in each such calendar year.

(c) In computing the amount of Restricted Payments previously made for purposes of Section 5.02(b), Restricted Payments made under clauses (b)(i) (but only if the declaration or such dividend or other distribution has not been counted in a prior period) and, to the extent of amounts paid to Holders other than the Partnership or a Restricted Subsidiary, (b)(iv) shall be included, and Restricted Payments made under clauses (b)(ii), (b)(iii), (b)(v), (b)(vi) and (b)(vii) and, except to the extent noted above, (b)(iv) of this Section 5.02 shall not be included. The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Partnership or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this Section 5.02 shall be determined by the Board of Directors of the Managing General Partner whose Board Resolution with respect thereto shall be delivered to the Trustee.

Section 5.03. Incurrence of Indebtedness and Issuance of Disqualified Equity. (a) The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt and Disqualified Equity), other than Permitted Debt; provided, however, that the Partnership and any Subsidiary Guarantor may incur Indebtedness (including Acquired Debt and Disqualified Equity), if the Fixed Charge Coverage Ratio for the Partnership's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

(b) Section 5.03(a) shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Partnership and any of its Restricted Subsidiaries of the Indebtedness under the Credit Facilities and the guarantees thereof; provided that the aggregate principal amount of all Indebtedness of the Partnership and its Restricted Subsidiaries outstanding under all Credit Facilities pursuant to this clause (b)(i), after giving effect to such incurrence, does not exceed $650.0 million less the aggregate amount of all repayments of Indebtedness under the Credit Facilities that have been made by the Partnership or any of its Restricted Subsidiaries in respect of Asset Sales to the extent such repayments constitute a permanent reduction of commitments under such Credit Facilities;

(ii) the incurrence by the Partnership and its Restricted Subsidiaries of Existing Indebtedness;

(iii) the incurrence by the Partnership and the Subsidiary Guarantors of (A) $200.0 million in aggregate principal amount of Indebtedness represented by the Series A Notes and the Guarantees and the related Obligations and (B) Indebtedness represented by the Series B Notes and the Guarantees and the related Obligations;

(iv) the incurrence by the Partnership or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred in the ordinary course of business for the purpose

of financing all or any part of the purchase price or cost of construction, improvement or development of property, plant or equipment used in the business of the Partnership or such Restricted Subsidiary, in an aggregate principal amount not to exceed $20.0 million at any time outstanding;

(v) the incurrence by the Partnership or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness;

(vi) the incurrence by the Partnership or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Partnership and any of its Restricted Subsidiaries; provided, however, that

(A) if an Issuer or any Subsidiary Guarantor is the obligor on such Indebtedness to a Restricted Subsidiary of the Partnership that is not a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Partnership, or the Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor,

(B) such intercompany Indebtedness is owed by the Partnership or any of its Restricted Subsidiaries to either the Partnership or a Wholly Owned Restricted Subsidiary and

(C)(I) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Partnership or a Wholly Owned Restricted Subsidiary and (II) any sale or other transfer of any such Indebtedness to a Person that is not either the Partnership or a Wholly Owned Restricted Subsidiary, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Partnership or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

(vii) the incurrence by the Partnership or any of its Restricted Subsidiaries of Hedging Obligations entered into in the ordinary course of business;

(viii) the guarantee by the Partnership or any of the Subsidiary Guarantors of Indebtedness of the Partnership or a Restricted Subsidiary that was permitted to be incurred by another provision of this Section 5.03;

(ix) Indebtedness in respect of bid, performance, surety and appeal bonds issued for the account of the Partnership or any of its Restricted Subsidiaries in the ordinary course of business, including guarantees and obligations of the Partnership or any of its Restricted Subsidiaries with respect to letters of credit supporting such obligations (in each case other than for an obligation for money borrowed);

(x) the incurrence by the Partnership or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount not to exceed $20.0 million at any time outstanding; and

(xi) the incurrence by the Partnership or any of its Restricted Subsidiaries of Permitted Marketing Obligations, Permitted Contango Market Transaction Obligations and Permitted Operating Obligations.

(c) To the extent that the Partnership's Unrestricted Subsidiaries incur Non-Recourse Debt and any such Indebtedness ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, then such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Partnership that was subject to this Section 5.03.

(d) For purposes of determining compliance with this Section 5.03, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xi) above, or is entitled to be incurred pursuant to Section 5.03(a), the Partnership shall be permitted, in its sole discretion, to classify such item of Indebtedness on the date it is incurred, or later reclassify all or a portion of such item of Indebtedness in any manner that complies with this Section 5.03. An item of Indebtedness may be divided and classified in one or more of the types of Permitted Debt.

Section 5.04. Sale and Lease-Back Transactions. The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any Sale and Lease-Back Transaction; provided that the Partnership or any of its Restricted Subsidiaries that is a Subsidiary Guarantor may enter into a Sale and Lease-Back Transaction if:

(a) the Partnership or that Subsidiary Guarantor, as applicable, could have (i) incurred Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Lease-Back Transaction pursuant to Section 5.03(a) hereof and (ii) incurred a Lien to secure such Indebtedness pursuant to Section 5.06 hereof; or

(b) the gross cash proceeds of such Sale and Lease-Back Transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors of the Managing General Partner, of the property that is the subject of such Sale and Lease-Back Transaction, and the Partnership or such Subsidiary Guarantor applies such proceeds in compliance with the provisions of Sections 4.03 and 5.05 hereof.

Section 5.05. Asset Sales. (a) The Issuers shall not, and shall not permit any of their Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Partnership (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) such fair market value is determined by (A) an executive officer of the Managing General Partner if the value is less than $10.0 million, as evidenced by an Officers' Certificate delivered to the Trustee, or (B) the Board of Directors of the Managing General Partner if the value is $10.0 million or more, as evidenced by a resolution of such Board of Directors delivered to the Trustee; and

(iii) at least 75% of the consideration therefor received by the Partnership or such Restricted Subsidiary is in the form of (A) cash or Cash Equivalents, (B) assets or rights used or useful in a Permitted Business or (C) any Permitted Business Investment or any other Permitted Investment other than Hedging Obligations. For purposes of this paragraph (a), each of the following shall be deemed to be cash: (i) any liabilities (as shown on the Partnership's or such Restricted Subsidiary's most recent balance sheet) of the Partnership or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Partnership or such Restricted Subsidiary from further liability; and (ii) any securities, notes or other obligations received by the Partnership or any such Restricted Subsidiary from such transferee that are within 90 days after the Asset Sale (subject to ordinary settlement periods) converted by the Partnership or such Restricted Subsidiary into cash (to the extent of the cash received in such conversion).

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Partnership or a Restricted Subsidiary may apply (or enter into a definitive agreement for such application within such 360-day period, provided that such capital expenditure or acquisition is closed within 90 days after the end of such 360-day period) such Net Proceeds at its option:

(i) to repay Senior Debt of the Partnership and/or its Restricted Subsidiaries (or to make an offer to repurchase or redeem Senior Debt, provided that such repurchase or redemption closes within 45 days after the end of such 360-day period) with a permanent reduction in availability for any Credit Facilities pursuant to Section 5.03(b)(i);

(ii) to make a capital expenditure in a Permitted Business;

(iii) to acquire other assets or rights that are used or useful in a Permitted Business; or

(iv) to invest in any other Permitted Business Investment or any other Permitted Investment other than Investments in Cash Equivalents or Hedging Obligations.

Pending the final application of any such Net Proceeds, the Partnership may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture and the Partnership shall reserve the amount of such Net Proceeds, other than those temporarily applied, in calculating Available Cash.

(c) Any Net Proceeds from Asset Sales that are not applied or invested as provided in paragraph (b) shall constitute "Excess Proceeds". When the aggregate amount of Excess Proceeds exceeds $10.0 million, the Issuers shall make a pro rata offer (an "Asset Sale Offer") in accordance with the procedures set forth in Section 4.03 hereof to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Section 5.05 and Section 4.03 hereof with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of principal amount plus accrued and unpaid interest (including any Additional Interest in the case of the Notes), if any, and premium, if any, to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an

Asset Sale Offer, such Excess Proceeds shall be deemed to constitute Available Cash from Operating Surplus for purposes of the Indenture, and the Partnership may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds allocated for repurchases of Notes pursuant to the Asset Sale Offer for Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(d) To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, each of the Issuers shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this covenant by virtue thereof.

Section 5.06. Liens. The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness on any asset now owned or hereafter acquired, except Permitted Liens, without making effective provision whereby all Obligations due under the Notes and the Indenture or any Guarantee, as applicable, shall be secured (a) by a Lien equally and ratably with any and all Obligations thereby secured for so long as any such Obligations shall be so secured, or (b) in the case of Indebtedness so secured that is expressly subordinated to the Notes or any Guarantee, as applicable, by a Lien prior to any Liens securing any and all Obligations thereby secured for so long as any such Obligations shall be so secured.

Section 5.07. Dividend and Other Payment Restrictions Affecting Subsidiaries. (a) The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Equity Interests to the Partnership or to any of the Partnership's Restricted Subsidiaries, or pay any Indebtedness owed to the Partnership or any of its Restricted Subsidiaries;

(ii) make loans or advances to or make other investments in the Partnership or any of its Restricted Subsidiaries; or

(iii) transfer any of its properties or assets to the Partnership or to any of its Restricted Subsidiaries.

(b) The restrictions in the preceding paragraph (a) shall not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or any Existing Indebtedness to which such agreement relates, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with

respect to such distribution, dividend and other payment restrictions and loan or investment restrictions than those contained in such agreement, as in effect on the date of the Indenture;

(ii) the Indenture, the Notes and the Guarantees;

(iii) applicable law;

(iv) any instrument governing Indebtedness or Equity Interests of a Person acquired by the Partnership or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than such Person, or the property or assets of such Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(v) customary nonassignment provisions in Hydrocarbon purchase and sale or exchange agreements, or similar operational agreements and in licenses and leases entered into in the ordinary course of business;

(vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (a)(iii) above;

(vii) any agreement for the sale or other disposition of assets or Equity Interests in a Restricted Subsidiary of the Partnership that contains any one or more of the restrictions described in clauses (a)(i) through (a)(iii) above by such Restricted Subsidiary pending its sale or other disposition, provided that such sale or disposition is consummated, or such restrictions are canceled or terminated or lapse, within 90 days;

(viii) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(ix) Permitted Liens securing Indebtedness otherwise permitted to be issued pursuant to Section 5.06 hereof that limit the right of the Partnership or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien; or

(x) any agreement or instrument relating to any property or assets acquired after the Issue Date, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and was not created in anticipation of such acquisitions; or

(xi) provisions with respect to the disposition or distribution of assets in Joint Venture agreements and other similar agreements entered into in the ordinary course of business.

Section 5.08. Transactions with Affiliates.

(a) The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(i) such Affiliate Transaction is between or among the Partnership and any of its Restricted Subsidiaries or is either (A) on terms that are no less favorable to the Partnership or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction made on an arm's-length basis with an unrelated Person or, if there is no such comparable transaction, on terms that are fair and reasonable to the Partnership or such Restricted Subsidiary, or (B) in the ordinary course of business and consistent with past practice; and

(ii) the Partnership delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration with a fair market value in excess of $10.0 million, an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 5.08 and that such Affiliate Transaction has been approved (either pursuant to specific or general resolutions) by a majority of the disinterested members of the Board of Directors of the Managing General Partner or has been approved by an officer pursuant to a delegation (specific or general) of authority from such Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration with a fair market value in excess of $25.0 million, (I) a resolution of the Board of Directors of the Managing General Partner set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 5.08 and that such Affiliate Transaction has been approved by a majority of the disinterested members of such Board of Directors and (II) an opinion as to the fairness to the Partnership of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm that is recognized nationally in the energy industry as an expert in rendering fairness opinions on transactions such as those proposed.

(b) The following items shall not be deemed to be Affiliate Transactions and shall not be subject to the provisions of paragraph (a) above:

(i) any employment, equity award, equity option or equity appreciation agreement or plan entered into by the Partnership or any of its Restricted Subsidiaries in the ordinary course of business of the Partnership or such Restricted Subsidiary;

(ii) Restricted Payments that are permitted to be made pursuant to Section 5.02 hereof;

(iii) transactions effected in accordance with the terms of agreements as in effect on the Issue Date;

(iv) transactions effected in accordance with the Marketing Agreement that are fair and reasonable to the Partnership and its Restricted Subsidiaries;

(v) customary compensation, indemnification and other benefits made available to officers, directors or employees of the Partnership or a Restricted Subsidiary of the Partnership or the Managing General Partner, including reimbursement or advancement of out-of-pocket expenses and provision of officers' and directors' liability insurance; and

(vi) loans to officers and employees made in the ordinary course of business in an aggregate amount not to exceed $1.0 million at any one time outstanding.

Section 5.09. Offer to Repurchase Upon Change of Control. (a) Upon the occurrence of a Change of Control, the Issuers shall make an offer (a "Change of Control Offer") to each Holder of Notes to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Notes at an offer price (the "Change of Control Payment") in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon, if any, and Additional Interest, if any, to the date of purchase (the "Change of Control Payment Date"), subject to the rights of Holders on a record date occurring prior to the Change of Control Payment Date to receive interest on an interest payment date occurring after such Change of Control Payment Date. Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(i) that the Change of Control Offer is being made pursuant to this Section 5.09 and that all Notes tendered shall be accepted for payment;

(ii) the purchase price and the Change of Control Payment Date, which shall be no later than 30 business days from the date such notice is mailed;

(iii) that any Note not tendered shall continue to accrue interest;

(iv) that, unless the Issuers default in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(v) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, to the paying agent at the address specified in the notice prior to the close of business on the third business day preceding the Change of Control Payment Date;

(vi) that Holders shall be entitled to withdraw their election if the paying agent receives, not later than the close of business on the second business day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(vii) that Holders whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which

unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable to the purchase of the Notes in an Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 5.09, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have committed a breach of its obligations under this Section 5.09 by virtue of such conflict.

(b) On the Change of Control Payment Date, the Issuers shall, to the extent lawful, (i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (ii) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuers. The paying agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate (upon an Issuer Order) and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note shall be in a principal amount of $1,000 or an integral multiple thereof. The Issuers shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 5.09, the Issuers shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes an offer to purchase the Notes in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 5.09 and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Section 5.10. Additional Subsidiary Guarantees. If any Restricted Subsidiary of the Partnership that is not then a Subsidiary Guarantor (a) guarantees Indebtedness of either of the Issuers or any other Restricted Subsidiary of the Partnership or (b) incurs Indebtedness other than Permitted Debt described in clause (vi), (vii), (ix), (x) or (xi) of the definition thereof), in either case after the Issue Date, then such Restricted Subsidiary shall execute and deliver a supplemental Indenture providing for the guarantee of the payment of the Notes pursuant to Article IX hereof.

Section 5.11. Designation of Restricted and Unrestricted Subsidiaries. (a) The Board of Directors of the Managing General Partner may designate any Restricted Subsidiary of the Partnership to be an Unrestricted Subsidiary if that designation would not cause a Default or an Event of Default hereunder. If a Restricted Subsidiary of the Partnership is designated as an Unrestricted Subsidiary, all outstanding Investments owned by the Partnership and its Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be an Investment made as of the time of such designation and shall reduce the amount available for Restricted Payments under Section 5.02(a) hereof for Permitted Investments or for Permitted Business Investments, as applicable. All such outstanding Investments shall be valued at their fair market value at the time of

such designation. Such designation shall only be permitted if such Restricted Payment, Permitted Investment or Permitted Business Investment would be permitted at that time and such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries. Upon the designation of a Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary, the Guarantee of such entity shall be released as provided in Section 9.07.

(b) The Board of Directors of the Managing General Partner may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if such designation complies with the provisions set forth in the definition of "Unrestricted Subsidiary."

Section 5.12. Business Activities. The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, materially or substantially engage in any business other than Permitted Businesses.

Section 5.13. Restrictions on Nature of Indebtedness and Activities of PAA Finance. In addition to the restrictions set forth in Section 5.03 hereof, PAA Finance shall not incur any Indebtedness unless (a) the Partnership is a co-obligor or guarantor of such Indebtedness or (b) the net proceeds of such Indebtedness are loaned to the Partnership, used to acquire outstanding debt securities issued by the Partnership or used to repay Indebtedness permitted under Section 5.03. PAA Finance shall not engage in any business not related directly or indirectly to obtaining money or arranging financing for the Partnership or its Restricted Subsidiaries.

Section 5.14. Payments for Consent. The Partnership shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 5.15. Covenant Termination. In the event that at any time (a) the rating assigned to the Notes by at least two of S&P, Moody's or Fitch is an Investment Grade Rating and (b) no Default hereunder has occurred and is continuing, the Issuers and their Restricted Subsidiaries will no longer be subject to the proviso to the definition of "Unrestricted Subsidiary" in Section 2.01 hereof or to Sections 5.02, 5.03, 5.05, 5.07, 5.08, 5.12 and 5.13 hereof; provided, however that the Issuers and their Restricted Subsidiaries will remain subject to Sections 5.04 (other than the financial test set forth in 5.04(a)(i)), 5.06, 5.09, 5.10, 5.14, Article VI (other than the financial test set forth in clause (iv) of Section 6.01(a)) and Article IV and Section 5.03 of the Original Indenture.

ARTICLE VI

SUCCESSORS

With respect to the Notes, the provisions of this Article VI shall preempt the provisions of Article X of the Original Indenture in their entirety.

Section 6.01. Merger, Consolidation, or Sale of Assets by Issuers. (a) Neither of the Issuers shall, directly or indirectly, consolidate or merge with or into another Person (whether or not such Issuer is the survivor) or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person unless:

(i) either (A) such Issuer is the surviving entity of such transaction; or (B) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (the "Successor Company") is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia, provided that PAA Finance may not consolidate or merge with or into any entity other than a corporation satisfying such requirement for so long as the Partnership is not a corporation;

(ii) the Successor Company expressly assumes all the obligations of such Issuer under the Notes and the Indenture pursuant to a supplemental Indenture in a form reasonably satisfactory to the Trustee;

(iii) immediately after such transaction no Default or Event of Default exists;

(iv) except in the case of a transaction involving PAA Finance, such Issuer or Successor Company shall on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 5.03(a); and

(v) such Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or disposition and, if a supplemental Indenture is required, such supplemental Indenture complies with the Indenture and all conditions precedent therein relating to such transaction have been satisfied.

(b) Notwithstanding the foregoing paragraph (a), the Partnership is permitted to reorganize as any other form of entity in accordance with the following procedures; provided that:

(i) the reorganization involves the conversion (by merger, sale, contribution or exchange of assets or otherwise) of the Partnership into a form of entity other than a limited partnership formed under Delaware law;

(ii) the entity so formed by or resulting from such reorganization is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(iii) the entity so formed by or resulting from such reorganization assumes all the obligations of the Partnership under the Notes and the Indenture pursuant to a supplemental Indenture in a form reasonably satisfactory to the Trustee;

(iv) immediately after such reorganization no Default or Event of Default exists; and

(v) such reorganization is not materially adverse to the Holders of the Notes (for purposes of this clause (v) a reorganization shall not be considered materially adverse to the Holders of the Notes solely because the successor or survivor of such reorganization (A) is subject to federal or state income taxation as an entity or (B) is considered to be an "includable corporation" of an affiliated group of corporations within the meaning of Section 1504(b)(i) of the Code or any similar state or local law).

Section 6.02. Merger or Consolidation of Subsidiary Guarantors. No Subsidiary Guarantor shall, directly or indirectly, consolidate with or merge with or into another Person (whether or not such Subsidiary Guarantor is the surviving Person), except for the Partnership or another Subsidiary Guarantor, unless: (a) immediately after giving effect to such transaction, no Default or Event of Default exists, (b) the Person (if not otherwise a Subsidiary Guarantor) formed by or surviving any such transaction expressly assumes all the obligations of the Subsidiary Guarantor under the Notes and the Indenture pursuant to a supplemental Indenture in form reasonably satisfactory to the Trustee, except as provided in Section 9.07, and (c) the Issuers have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such supplemental Indenture complies with this Indenture and all conditions precedent therein relating to such transaction have been satisfied.

Section 6.03. Successor Corporation Substituted. Upon any consolidation or merger of an Issuer or Subsidiary Guarantor, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of an Issuer in accordance with Sections 6.01 and 6.02 hereof, the Person formed by or surviving any such consolidation or merger of an Issuer or a Subsidiary Guarantor (if other than such Issuer or Subsidiary Guarantor, as the case may be) or to which any such sale, assignment, transfer, lease, conveyance or other disposition shall have been made by an Issuer, shall succeed to, and be substituted for, and may exercise every right and power of such Issuer or of such Subsidiary Guarantor under the Indenture, as the case may be, but the predecessor Issuer in the case of a lease shall not be released from any of the obligations or covenants under the Indenture, including with respect to the payment of the Notes.

Section 6.04. Supplemental Indenture. Section 9.01 of the Original Indenture is hereby amended, with respect to the Notes, by adding the words ", the Subsidiary Guarantors" immediately after the word "Issuers" in the introductory clause of such Section and by adding the words "or a Subsidiary Guarantor's" immediately after the word "Issuer's" in Section 9.01(c).

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. With respect to the Notes, the provisions of this Section 7.01 shall preempt the provisions of the first and final paragraphs of Section 6.01 of the Original Indenture in their entirety.

(a) An "Event of Default" occurs if:

(i) the Issuers default for 60 days in the payment when due of interest on, or Additional Interest with respect to, the Notes;

(ii) the Issuers default in the payment when due of principal of or premium, if any, on the Notes at maturity, upon redemption or otherwise;

(iii) failure by the Partnership or any of its Restricted Subsidiaries to comply with any of the provisions of Section 4.03, 5.05 or 5.09 hereof;

(iv) failure by the Partnership or any of its Restricted Subsidiaries for 30 days after notice has been given to the Issuers by the Trustee or to the Issuers and the Trustee by the Holders of at least 25% in principal amount of the Notes then Outstanding to comply with any of the other agreements in the Indenture (provided that notice need not be given, and an Event of Default shall occur, 30 days after any breach of the provisions of Sections 5.02, 5.03 and 6.01 hereof);

(v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by an Issuer or any of the Partnership's Restricted Subsidiaries (or the payment of which is guaranteed by the Partnership or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of the Indenture, if that default (A) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (B) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more; provided, further, that if any such default is cured or waived or any such acceleration rescinded, or such Indebtedness is repaid, within a period of 30 days from the continuation of such default beyond the applicable grace period or the occurrence of such acceleration, as the case may be, such Event of Default and any consequential acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;

(vi) failure by an Issuer or any of the Partnership's Restricted Subsidiaries to pay final judgments aggregating in excess of $10.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(vii) except as permitted by the Indenture, any Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall deny or disaffirm its obligations under its Guarantee;

(viii) an Issuer or any Restricted Subsidiary that constitutes a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due; or

(ix) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against an Issuer or any Restricted Subsidiary that constitutes a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of an Issuer or any Restricted Subsidiary that constitutes a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of an Issuer or any Restricted Subsidiary that constitutes a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(C) orders the liquidation of an Issuer or any Restricted Subsidiary that constitutes a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

(b) In the case of an Event of Default arising from Section 7.01(a)(viii) or 7.01(a)(ix) hereof, the principal amount of all Outstanding Notes and interest thereon shall become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then Outstanding Notes may declare the principal amount of all the Notes and interest thereon to be due and payable immediately by a notice in writing to the Issuers (and to the Trustee if given by the Holders) and upon any such declaration such principal amount and interest thereon shall be due and payable immediately.

ARTICLE VIII

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. Option to Effect Legal Defeasance or Covenant Defeasance. The Issuers may, at the option of the Boards of Directors evidenced by a Board Resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes and Guarantees upon compliance with the conditions set forth below in this Article VIII.

Section 8.02. Legal Defeasance and Discharge. Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, each of the Issuers and the Subsidiary Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes and Guarantees on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that each of the Issuers shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 8.05 hereof and the other Sections of the Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and the Indenture, and each of the Subsidiary Guarantors shall be deemed to have discharged its obligations under its Guarantee (and the Trustee, on demand of and at the expense of the Issuers, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of Outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium on, if any, interest and Additional Interest, if any, on such Notes when such payments are due (but not the Change of Control Payment or the payment pursuant to an Asset Sale Offer),

(b) the Issuers' obligations with respect to such Notes under Sections 2.07, 2.08, 2.09 and 4.02 of the Original Indenture,

(c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuers' obligations in connection therewith,

(d) this Article VIII, and

(e) the Issuers' rights of optional redemption under Section 4.01 hereof.

Subject to compliance with this Article VIII, the Issuers may exercise their option under this Section 8.02 notwithstanding the prior exercise of their option under Section 8.03 hereof.

Section 8.03. Covenant Defeasance. Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, each of the Issuers shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof,

be released from its obligations under the covenants contained in Sections 5.02, 5.03, 5.04, 5.05, 5.06, 5.07, 5.08, 5.09, 5.10, 5.11, 5.12, 5.13 and 5.14 hereof with respect to the Outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "Outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the Outstanding Notes, the Issuers may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 7.01 hereof, but, except as specified above, the remainder of the Indenture, the Guarantees and such Notes shall be unaffected thereby.

Section 8.04. Conditions to Legal or Covenant Defeasance. The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the Outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in Dollars, U.S. Government Obligations, or a combination thereof, in such amounts as shall be sufficient, in the written opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium on, if any, interest and Additional Interest, if any, on the Outstanding Notes at the Stated Maturity thereof or on the applicable redemption date, as the case may be, and the Issuers must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of an election under Section 8.02 hereof, the Issuers shall have delivered to the Trustee an Opinion of Counsel confirming that (i) the Issuers have received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Outstanding Notes shall not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and shall be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Issuers shall have delivered to the Trustee an Opinion of Counsel confirming that the Holders of the Outstanding Notes shall not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and shall be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing either (i) on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which shall be applied to such deposit) or

(ii) insofar as Section 7.01(a)(viii) or 7.01(a)(ix) hereof is concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Partnership or any of its Restricted Subsidiaries is a party or by which the Partnership or any of its Restricted Subsidiaries is bound;

(f) the Issuers shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds shall not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Issuers shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuers with the intent of preferring the Holders over any other creditors of the Issuers or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuers; and

(h) the Issuers shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05. Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06 hereof, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and the Indenture, to the payment, either directly or through any paying agent (including an Issuer acting as paying agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium on, if any, interest and Additional Interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Issuers shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Notes.

Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuers from time to time upon the written request of the Issuers any money or U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06. Repayment to Issuers.

Any money deposited with the Trustee or any paying agent, or then held by the Issuers, in trust for the payment of the principal of, premium on, if any, interest or Additional Interest, if any, on any Note and remaining unclaimed for two years after such principal, premium, if any, interest or Additional Interest, if any, has become due and payable shall be paid to the Issuers on their written request or (if then held by the Issuers) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured creditor, look only to the Issuers for payment thereof, and all liability of the Trustee or such paying agent with respect to such trust money, and all liability of the Issuers as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such paying agent, before being required to make any such repayment, may at the expense of the Issuers cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Issuers.

Section 8.07. Reinstatement. If the Trustee or paying agent is unable to apply any Dollars or U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuers' obligations under the Indenture and the Notes and the Subsidiary Guarantors' obligations under the Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or paying agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Issuers make any payment of principal of, premium on, if any, interest or Additional Interest, if any, on any Note following the reinstatement of their obligations, the Issuers shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or paying agent.

ARTICLE IX

SUBSIDIARY GUARANTEES

Section 9.01. Subsidiary Guarantees. (a) Each Subsidiary Guarantor hereby jointly and severally unconditionally and irrevocably guarantees on a senior basis to each Holder and to the Trustee and its successors and assigns (i) the full and punctual payment of principal, premium, if any, interest, and Additional Interest, if any, with respect to, the Notes when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Issuers under the Indenture (including obligations to the Trustee) and the Notes and (ii) the full and punctual performance within applicable grace periods of all other obligations of the Issuers under the Indenture and the Notes (all the foregoing being hereinafter collectively called the "Note Obligations"). Each Subsidiary Guarantor further agrees that the Note Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Subsidiary Guarantor, and that each such Subsidiary Guarantor shall remain bound under this Article IX notwithstanding any extension or renewal of any Note Obligation.

(b) Each Subsidiary Guarantor waives presentation to, demand of, payment from and protest to the Issuers of any of the Note Obligations and also waives notice of protest for nonpayment. Each Subsidiary Guarantor waives notice of any Default or Event of Default under the Notes or the Note Obligations. The obligations of each Subsidiary Guarantor hereunder shall not be

affected by (i) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Issuers or any other Person under the Indenture, the Notes or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of the Indenture, the Notes or any other agreement; (iv) the release of any security held by any Holder or the Trustee for the Note Obligations or any of them; (v) the failure of any Holder or Trustee to exercise any right or remedy against any other guarantor of the Note Obligations; or (vi) any change in the ownership of such Subsidiary Guarantor, except as provided in Section 9.02 hereof.

(c) Each Subsidiary Guarantor further agrees that its Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Note Obligations.

(d) The obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason other than indefeasible payment in full of the Note Obligations, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Note Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under the Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or would otherwise operate as a discharge of any Subsidiary Guarantor as a matter of law or equity.

(e) Each Subsidiary Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal, premium, if any, interest or Additional Interest, if any, with respect to any Note Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of either of the Issuers or otherwise.

(f) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Issuers to pay the principal, premium, if any, interest or Additional Interest, if any, with respect to any Note Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Note Obligation, each Subsidiary Guarantor hereby promises to and shall forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid principal amount of such Note Obligations, (ii) accrued and unpaid interest on such Note Obligations (but only to the extent not prohibited by law) and (iii) all other monetary Note Obligations of the Issuers to the Holders and the Trustee.

(g) Each Subsidiary Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Note Obligations guaranteed hereby until payment in full of all Note Obligations. Each Subsidiary Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Note

Obligations guaranteed hereby may be accelerated as provided in Article VII hereof for the purposes of any Subsidiary Guarantor's Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Note Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such obligations as provided in Article VII hereof, such Note Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purposes of this Section.

(h) Each Subsidiary Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section.

Section 9.02. Limitation on Liability. Any term or provision of the Indenture to the contrary notwithstanding, the maximum, aggregate amount of the Note Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering the Indenture, as it relates to any Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer.

Section 9.03. Successors and Assigns. This Article IX shall be binding upon each Subsidiary Guarantor and, except as provided in Section 9.07, its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in the Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of the Indenture.

Section 9.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article IX shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article IX at law, in equity, by statute or otherwise.

Section 9.05. Modification. No modification, amendment or waiver of any provision of this Article IX, nor the consent to any departure by any Subsidiary Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in the same, similar or other circumstances.

Section 9.06. Execution of Supplemental Indenture for Future Subsidiary Guarantors.

Each Subsidiary which is required to become a Subsidiary Guarantor pursuant to Section 5.10 hereof shall promptly execute and deliver to the Trustee a supplemental Indenture in substantially the form of Exhibit B hereto pursuant to which such Subsidiary shall become a Subsidiary Guarantor under this Article IX and shall guarantee the Note Obligations. Concurrently with the execution and delivery of such supplemental Indenture, the Issuers shall deliver to the Trustee an Opinion of Counsel to the effect that such supplemental Indenture has been duly authorized, executed and delivered by such Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Guarantee of such Subsidiary Guarantor is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms.

Section 9.07. Release of Guarantee. The Guarantee of a Subsidiary Guarantor under this Article IX shall terminate and be of no further force and effect, and such Subsidiary Guarantor shall be released from the Indenture and all Note Obligations, upon the following events:

(a) in connection with any sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger, consolidation or otherwise) if the Partnership applies the Net Proceeds therefrom in accordance with the provisions of Section 5.05 hereof; or

(b) in connection with any sale or other disposition of all of the Equity Interests of a Subsidiary Guarantor, if the Partnership applies the Net Proceeds therefrom in accordance with the provisions of Section 5.05 hereof; or

(c) if the Partnership designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary; or

(d) at such time as such Subsidiary Guarantor (a) does not guarantee any Indebtedness of any of the Issuers and the Restricted Subsidiaries of the Partnership and (b) is not obligated under any Indebtedness (other than Permitted Debt described in clause (vi), (vii), (ix), (x) or (xi) of the definition thereof).

ARTICLE X

MISCELLANEOUS

References to (A) "Section 6.01" in the Original Indenture shall be deemed to be references to Section 7.01 of this Supplemental Indenture; (B) "Section 11.02" in the Original Indenture shall be deemed to be references to "Section 8.06" of this Supplemental Indenture; (C) "Section 6.01(g) or (h)" in the Original Indenture shall be deemed to be references to Section 7.01(a)(viii) or (a)(ix) of this Supplemental Indenture; and (D) "Article X" in the Original Indenture shall be deemed to be a reference to Article VI of this Supplemental Indenture. All references to "interest" in the Original Indenture shall be deemed to include Additional Interest, if any, unless the context otherwise requires. The provisions of Sections 4.03, 5.05 and 5.09 shall not be subject to the restrictions on amendments, supplements and waivers contained in Sections 9.02(iii) and 9.02(ix) of the Original Indenture, and such provisions shall be subject to amendment,

supplement or waiver with only the consent (evidenced as provided in Section 8.01 of the Original Indenture) of the Holders of a majority in aggregate principal amount of the Notes then Outstanding.

[Signatures on following page]

SIGNATURES

ISSUERS:

PLAINS ALL AMERICAN PIPELINE, L.P.

By: Plains AAP, L.P., its General Partner

By: Plains All American GP LLC, its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PAA FINANCE CORP.

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

SUBSIDIARY GUARANTORS:

PLAINS MARKETING, L.P.

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

ALL AMERICAN PIPELINE, L.P.

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PLAINS MARKETING GP INC.

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PLAINS MARKETING CANADA LLC

By: Plains Marketing, L.P., its Sole Member

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PMC (NOVA SCOTIA) COMPANY

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PLAINS MARKETING CANADA, L.P.

By: PMC (Nova Scotia) Company, its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

BASIN HOLDINGS GP LLC

By: All American Pipeline, L.P., its Sole Member

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

BASIN PIPELINE HOLDINGS, L.P.

By: Basin Holdings GP LLC, its General Partner

By: All American Pipeline, L.P., its Sole Member

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

RANCHO HOLDINGS GP LLC

By: All American Pipeline, L.P., its Sole Member

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

RANCHO PIPELINE HOLDINGS, L.P.

By: Rancho Holdings GP LLC, its General Partner

By: All American Pipeline, L.P., its Sole Member

By: Plains Marketing GP Inc., its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

TRUSTEE:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Kevin M. Dobrava

Name: Kevin M. Dobrava
Title: Vice President

EXHIBIT 4.3

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

AMONG

PLAINS ALL AMERICAN PIPELINE, L.P.,

PAA FINANCE CORP.,

THE GUARANTORS

AND

THE INITIAL PURCHASER

Dated as of September 25, 2002

PLAINS ALL AMERICAN PIPELINE, L.P.
PAA FINANCE CORP.

7 3/4% Senior Notes due 2012

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

September 25, 2002

UBS Warburg LLC
677 Washington Blvd.
Stamford, Connecticut 06901

Ladies and Gentlemen:

Plains All American Pipeline, L.P., a Delaware limited partnership (the "Partnership"), PAA Finance Corp., a Delaware corporation ("PAA Finance," and together with the Partnership, the "Issuers") and the Guarantors listed on Schedule 1 hereto (the "Guarantors"), propose to issue and sell to UBS Warburg LLC (the "Initial Purchaser"), upon the terms set forth in a purchase agreement dated September 18, 2002 (the "Purchase Agreement"), $200,000,000 principal amount of 7 3/4% Senior Notes due 2012 (the "Securities") relating to the initial placement of the Securities (the "Initial Placement"). To induce the Initial Purchaser to enter into the Purchase Agreement and to satisfy a condition of your obligations thereunder, the Issuers and the Guarantors agree with you for your benefit and the benefit of the holders from time to time of the Securities (including the Initial Purchaser) (each a "Holder" and, together, the "Holders"), as follows:

1. Definitions. Capitalized terms used herein without definition shall have their respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Affiliate" of any specified Person shall mean any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such specified Person. For purposes of this definition, control of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Broker-Dealer" shall mean any broker or dealer registered as such under the Exchange Act.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City.

"Commission" shall mean the Securities and Exchange Commission.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Exchange Offer Registration Period" shall mean the one-year period following the consummation of the Registered Exchange Offer, exclusive of any period during which any stop order shall be in effect suspending the effectiveness of the Exchange Offer Registration Statement.

"Exchange Offer Registration Statement" shall mean a registration statement of the Issuers and the Guarantors on an appropriate form under the Act with respect to the Registered Exchange Offer, all amendments and supplements to such registration statement, including post-effective amendments thereto, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchanging Dealer" shall mean any Holder (which may include the Initial Purchaser) that is a Broker-Dealer and elects to exchange for New Securities any Securities that it acquired for its own account as a result of market-making activities or other trading activities (but not directly from the Issuers and the Guarantors or any Affiliate of the Issuers and the Guarantors) for New Securities.

"Final Memorandum" shall have the meaning set forth in the Purchase Agreement.

"Guarantors" shall have the meaning set forth in the preamble hereto and shall also include any Guarantor's successor.

"Holder" shall have the meaning set forth in the preamble hereto.

"Indenture" shall mean the Indenture relating to the Securities and the New Securities, dated as of September 25, 2002, among the Issuers and Wachovia Bank, National Association, as trustee, as amended by the First Supplemental Indenture, dated as of September 25, 2002, among the Issuers, the Guarantors and the Trustee, and as the same may be amended from time to time in accordance with the terms thereof.

"Initial Placement" shall have the meaning set forth in the preamble hereto.

"Initial Purchaser" shall have the meaning set forth in the preamble hereto.

"Losses" shall have the meaning set forth in Section 7(d) hereof.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of Securities registered under a Registration Statement.

"Managing Underwriters" shall mean the investment banker or investment bankers and manager or managers that shall administer an underwritten offering.

"New Securities" shall mean debt securities of the Issuers identical in all material respects to the Securities (except that the interest rate step-up provisions and the transfer restrictions shall be eliminated) and to be issued under the Indenture.

"Prospectus" shall mean the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Securities or the New Securities covered by such Registration Statement, and all amendments and supplements thereto and all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble hereto.

"Registered Exchange Offer" shall mean the proposed offer of the Issuers and the Guarantors to issue and deliver to the Holders of the Securities that are not prohibited by any law or policy of the Commission from participating in such offer, in exchange for the Securities, a like aggregate principal amount of the New Securities.

"Registration Default" shall have the meaning set forth in Section 4 herein.

"Registration Statement" shall mean any Exchange Offer Registration Statement or Shelf Registration Statement that covers any of the Securities or the New Securities pursuant to the provisions of this Agreement, any amendments and supplements to such registration statement, including post-effective amendments (in each case including the Prospectus contained therein), all exhibits thereto and all material incorporated by reference therein.

"Securities" shall have the meaning set forth in the preamble hereto.

"Shelf Registration" shall mean a registration effected pursuant to Section 3 hereof.

"Shelf Registration Period" has the meaning set forth in Section 3(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Issuers and the Guarantors pursuant to the provisions of Section 3 hereof which covers some or all of the Securities or New Securities, as applicable, on an appropriate form under Rule 415 under the Act, or any similar rule that may be adopted by the Commission, amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities and the New Securities under the Indenture.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended from time to time.

"underwriter" shall mean any underwriter of Securities in connection with an offering thereof under a Shelf Registration Statement.

2. Registered Exchange Offer. Except as set forth in Section 3, (a) The Issuers and the Guarantors shall prepare and shall use their reasonable best efforts to file with the Commission the Exchange Offer Registration Statement with respect to the Registered Exchange Offer, not later than 60 days following the date of the original issuance of the Securities (or if such 60th day is not a Business Day, the next succeeding Business Day). The Issuers and the Guarantors shall use their reasonable best efforts to cause the Exchange Offer Registration Statement to become effective under the Act within 180 days of the date of the original issuance of the Securities (or if such 180th day is not a Business Day, the next succeeding Business Day).

(b) Upon the effectiveness of the Exchange Offer Registration Statement, the Issuers and the Guarantors shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder electing to exchange Securities for New Securities (assuming that such Holder is not an Affiliate of the Issuers or the Guarantors, acquires the New Securities in the ordinary course of such Holder's business, has no arrangements with any Person to participate in the distribution of the New Securities and is not prohibited by any law or policy of the Commission from participating in the Registered Exchange Offer) to trade such New Securities from and after their receipt without any limitations or restrictions under the Act and without material restrictions under the securities laws of a substantial proportion of the several states of the United States.

(c) In connection with the Registered Exchange Offer, the Issuers and the Guarantors shall:

(i) mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(ii) keep the Registered Exchange Offer open for not less than 20 Business Days after the date notice thereof is mailed to the Holders (or, in each case, longer if required by applicable law);

(iii) use their reasonable best efforts to keep the Exchange Offer Registration Statement continuously effective under the Act, supplemented and amended as required, under the Act to ensure that it is available for sales of New Securities by Exchanging Dealers during the Exchange Offer Registration Period;

(iv) utilize the services of a bank depositary for the Registered Exchange Offer with an address in the Borough of Manhattan in New York City, which may be the Trustee or an Affiliate of the Trustee;

(v) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York time, on the last Business Day on which the Registered Exchange Offer is open;

(vi) prior to effectiveness of the Exchange Offer Registration Statement, provide a supplemental letter to the Commission (A) stating that the Issuers and the Guarantors are conducting the Registered Exchange Offer in reliance on the position of the Commission in Exxon Capital Holdings Corporation (pub. avail. May 13, 1988) and Morgan Stanley and Co., Inc. (pub. avail. June 5, 1991) and (B) including a representation that the Issuers and the Guarantors have not entered into any arrangement or understanding with any Person to distribute the New Securities to be received in the Registered Exchange Offer and that, to the best of the Issuers' and the Guarantors' information and belief, each Holder participating in the Registered Exchange Offer is acquiring the New Securities in the ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the New Securities; and

(vii) comply in all material respects with all applicable laws.

(d) As soon as practicable after the close of the Registered Exchange Offer, the Issuers and the Guarantors shall:

(i) accept for exchange all Securities tendered and not validly withdrawn pursuant to the Registered Exchange Offer; and

(ii) issue and cause the Trustee promptly to authenticate a global certificate representing New Securities exchanged for Securities and to deliver to each Holder of Securities a principal amount of New Securities equal to the principal amount of the Securities of such Holder so accepted for exchange.

(e) Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Registered Exchange Offer to participate in a distribution of the New Securities (x) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission in Morgan Stanley and Co., Inc. (pub. avail. June 5, 1991) and Exxon Capital Holdings Corporation (pub. avail. May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993 and similar no-action letters; and (y) must comply with the registration and prospectus delivery requirements of the Act in connection with any secondary resale transaction and must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K under the Act if the resales are of New Securities obtained by such Holder in exchange for Securities acquired by such Holder directly from the Issuers or the Guarantors or one of their Affiliates. Accordingly, each Holder participating in the Registered Exchange Offer shall be required to represent to the Issuers and the Guarantors that, at the time of the consummation of the Registered Exchange Offer:

(i) any New Securities received by such Holder will be acquired in the ordinary course of business;

(ii) such Holder will have no arrangement or understanding with any Person to participate in the distribution of the Securities or the New Securities within the meaning of the Act; and

(iii) such Holder is not an Affiliate of the Issuers or the Guarantors.

3. Shelf Registration. (a) If (i) due to any change in law or applicable interpretations thereof by the Commission's staff, the Issuers and the Guarantors determine upon advice of their outside counsel that they are not permitted to effect the Registered Exchange Offer as contemplated by Section 2 hereof; (ii) for any other reason the Registered Exchange Offer is not consummated within 360 days of the date hereof; (iii) the Initial Purchaser so requests with respect to Securities that are not eligible to be exchanged for New Securities in the Registered Exchange Offer and that are held by it following consummation of the Registered Exchange Offer; or (iv) any Holder (other than the Initial Purchaser) is not eligible to participate in the Registered Exchange Offer, the Issuers and the Guarantors shall effect a Shelf Registration Statement in accordance with subsection (b) below.

(b) (i) The Issuers and the Guarantors shall as promptly as practicable (but in no event more than 60 days after so required or requested pursuant to this Section 3), file with the Commission and thereafter shall use their reasonable best efforts to cause to be declared effective under the Act, within 180 days after it is filed, a Shelf Registration Statement relating to the offer and sale of the Securities or the New Securities, as applicable, by the Holders thereof from time to time in accordance with the methods of distribution elected by such Holders and set forth in such Shelf Registration Statement; provided, however, that no Holder (other than the Initial Purchaser) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all of the provisions of this Agreement applicable to such Holder; and provided further, that with respect to New Securities received by the Initial Purchaser in exchange for Securities constituting any portion of an unsold allotment, the Issuers and the Guarantors may, if permitted by current interpretations by the Commission's staff, file a post-effective amendment to the Exchange Offer Registration Statement containing the information required by Item 507 or 508 of Regulation S-K, as applicable, in satisfaction of their obligations under this subsection with respect thereto, and any such Exchange Offer Registration Statement, as so amended, shall be referred to herein as, and governed by the provisions herein applicable to, a Shelf Registration Statement.

(ii) The Issuers and the Guarantors shall use their reasonable best efforts to keep the Shelf Registration Statement continuously effective, supplemented and amended as required by the Act, in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years from the date the Shelf Registration Statement is declared effective by the Commission or such shorter period that will terminate when all the Securities or New Securities, as applicable, covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement (in any such case, such period being called the "Shelf Registration Period"). The Issuers and the Guarantors shall be deemed not to have used their best efforts to keep the Shelf Registration Statement effective during the requisite period if either Issuer or any

Guarantor voluntarily takes any action that would result in Holders of Securities covered thereby not being able to offer and sell such Securities during that period, unless (A) such action is required by applicable law; or (B) such action is taken by such Issuer or such Guarantor in good faith and for valid business reasons (not including avoidance of the Issuers' or the Guarantors' obligations hereunder), including the acquisition or divestiture of assets, so long as the Issuers and the Guarantors promptly thereafter comply with the requirements of Section 5(k) hereof, if applicable.

(ii) The Issuers and the Guarantors shall cause the Shelf Registration Statement and the related Prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement or such amendment or supplement, (A) to comply in all material respects with the applicable requirements of the Act and the rules and regulations of the Commission; and (B) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Additional Interest. (a) In the event that (i) the Issuers and the Guarantors have not filed the Exchange Offer Registration Statement or the Shelf Registration Statement with the Commission on or before the date on which such Registration Statement is required to be so filed pursuant to Section 2(a) and 3(b), respectively, or (ii) such Exchange Offer Registration Statement or Shelf Registration Statement has not been declared effective by the Commission under the Act on or before the date on which such Registration Statement is required to be declared effective under the Act pursuant to Section 2(a) or 3(b), respectively, or (iii) the Exchange Offer has not been Consummated within 210 days after the date of issuance of the Securities, or (iv) the Exchange Offer Registration Statement or Shelf Registration Statement required by Section 2(a) or 2(b) hereof is filed and declared effective by the Commission under the Act but shall thereafter cease to be effective (except as specifically permitted herein) without being succeeded immediately by an additional Registration Statement filed and declared effective by the Commission under the Act (each such event referred to in clauses (i) through (iv) is referred to herein as a "Registration Default"), then the interest rate on the New Securities will be increased, for the period from the occurrence of the Registration Default until such time as all Registration Defaults are cured (at which time the interest rate will be reduced to its initial rate) by 0.25% per annum during the first 90-day period following the occurrence and during the continuation of the Registration Default, and by 0.25% per annum for each subsequent 90-day period during which such Registration Default continues. The interest rate will not at any time be increased by greater than 1.00% per annum.

(b) Without limiting the remedies available to the Initial Purchaser and the Holders, the Issuers and the Guarantors acknowledge that any failure by the Issuers or the Guarantors to comply with their obligations under Section 2(a) and Section 3(b) hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may

obtain such relief as may be required to specifically enforce the Issuers' and the Guarantors' obligations under Section 2(a) and Section 3(b) hereof.

5. Additional Registration Procedures. In connection with any Shelf Registration Statement and, to the extent applicable, any Exchange Offer Registration Statement, the following provisions shall apply.

(a) The Issuers and the Guarantors shall:

(i) furnish to you, not less than five Business Days prior to the filing thereof with the Commission, a copy of any Exchange Offer Registration Statement and any Shelf Registration Statement, and each amendment thereof and each amendment or supplement, if any, to the Prospectus included therein (including all documents incorporated by reference therein after the initial filing) and shall use their reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as you reasonably propose;

(ii) include the information set forth in Annex A hereto on the facing page of the Exchange Offer Registration Statement, in Annex B hereto in the forepart of the Exchange Offer Registration Statement in a section setting forth details of the Exchange Offer, in Annex C hereto in the underwriting or plan of distribution section of the Prospectus contained in the Exchange Offer Registration Statement, and in Annex D hereto in the letter of transmittal delivered pursuant to the Registered Exchange Offer;

(iii) if requested by the Initial Purchaser, include the information required by Item 507 or 508 of Regulation S-K, as applicable, in the Prospectus contained in the Shelf Registration Statement; and

(iv) in the case of a Shelf Registration Statement, include the names of the Holders that propose to sell Securities pursuant to the Shelf Registration Statement as selling security holders.

(b) The Issuers and the Guarantors shall ensure that:

(i) any Registration Statement and any amendment thereto and any Prospectus forming part thereof and any amendment or supplement thereto comply in all material respects with the Act and the rules and regulations thereunder; and

(ii) any Registration Statement and any amendment thereto do not, when they become effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) The Issuers and the Guarantors shall advise you, the Holders of Securities covered by any Shelf Registration Statement and any Exchanging Dealer under any Exchange Offer Registration Statement that has provided in writing to the Issuers and the Guarantors a telephone or facsimile number and address for notices, and, if requested in writing by you or any

such Holder or Exchanging Dealer, shall confirm such advice in writing (which notice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the Prospectus until the Issuers and the Guarantors shall have remedied the basis for such suspension):

(i) when a Registration Statement and any amendment thereto have been filed with the Commission and when the Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for any amendment or supplement to the Registration Statement or the Prospectus or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Issuers and the Guarantors of any notification with respect to the suspension of the qualification of the securities included therein for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(v) of the happening of any event that requires any change in the Registration Statement or the Prospectus so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading.

(d) The Issuers and the Guarantors shall use their reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement or the qualification of the securities therein for sale in any jurisdiction at the earliest possible time.

(e) The Issuers and the Guarantors shall furnish to each Holder of Securities covered by any Shelf Registration Statement, without charge, at least one copy of such Shelf Registration Statement and any post-effective amendment thereto, including all material incorporated therein by reference, and, if the Holder so requests in writing, all exhibits thereto (including exhibits incorporated by reference therein).

(f) The Issuers and the Guarantors shall, during the Shelf Registration Period, deliver to each Holder of Securities covered by any Shelf Registration Statement, without charge, as many copies of the Prospectus (including each preliminary Prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such Holder may reasonably request. The Issuers and the Guarantors consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Securities in connection with the offering and sale of the Securities covered by the Prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(g) The Issuers and the Guarantors shall furnish to each Exchanging Dealer which so requests, without charge, at least one copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including all material incorporated by

reference therein, and, if the Exchanging Dealer so requests in writing, all exhibits thereto (including exhibits incorporated by reference therein).

(h) The Issuers and the Guarantors shall promptly deliver to the Initial Purchaser, each Exchanging Dealer and each other Person required to deliver a Prospectus during the effectiveness of the Exchange Offer Registration Statement, without charge, as many copies of the Prospectus included in such Exchange Offer Registration Statement and any amendment or supplement thereto as any such Person may reasonably request. The Issuers and the Guarantors consent to the use of the Prospectus or any amendment or supplement thereto by the Initial Purchaser, any Exchanging Dealer and any such other Person that may be required to deliver a Prospectus following the Registered Exchange Offer in connection with the offering and sale of the New Securities covered by the Prospectus, or any amendment or supplement thereto, included in the Exchange Offer Registration Statement.

(i) Prior to the Registered Exchange Offer or any other offering of Securities pursuant to any Registration Statement, the Issuers and the Guarantors shall arrange, if necessary, for the qualification of the Securities or the New Securities for sale under the laws of such jurisdictions as any Holder shall reasonably request and will maintain such qualification in effect so long as required; provided that in no event shall either Issuer or any Guarantor be obligated to qualify to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the Initial Placement, the Registered Exchange Offer or any offering pursuant to a Shelf Registration Statement, in any such jurisdiction where it is not then so subject.

(j) If any of the Securities or the New Securities are not issued in global form, then the Issuers and the Guarantors shall cooperate with the Holders of Securities to facilitate the timely preparation and delivery of certificates representing New Securities or Securities to be issued or sold pursuant to any Registration Statement free of any restrictive legends and in such denominations and registered in such names as Holders may request.

(k) Upon the occurrence of any event contemplated by subsections (c)(ii) or (v) above, the Issuers and the Guarantors shall promptly prepare a post-effective amendment to the applicable Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to Initial Purchaser of the securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In such circumstances, the period of effectiveness of the Exchange Offer Registration Statement provided for in Section 2 and the Shelf Registration Statement provided for in Section 3(b) shall each be extended by the number of days from and including the date of the giving of a notice of suspension pursuant to Section 5(c) to and including the date when the Initial Purchaser, the Holders of the Securities and any known Exchanging Dealer shall have received such amended or supplemented Prospectus pursuant to this Section.

(l) Not later than the effective date of any Registration Statement, the Issuers and the Guarantors shall provide a CUSIP number for the Securities or the New Securities, as the case may be, registered under such Registration Statement and provide the Trustee with

certificates for such Securities or New Securities, in a form eligible for deposit with The Depository Trust Company.

(m) The Issuers and the Guarantors shall comply with all applicable rules and regulations of the Commission and shall make generally available to the Issuers' security holders as soon as practicable after the effective date of the applicable Registration Statement an earnings statement satisfying the provisions of Section 11(a) of the Act.

(n) The Issuers and the Guarantors shall cause the Indenture to be qualified under the Trust Indenture Act in a timely manner.

(o) The Issuers and the Guarantors may require each Holder of Securities to be sold pursuant to any Shelf Registration Statement to furnish to the Issuers and the Guarantors such information regarding the Holder and the distribution of such Securities as the Issuers and the Guarantors may from time to time reasonably require for inclusion in such Registration Statement. The Issuers and the Guarantors may exclude from such Shelf Registration Statement the Securities of any Holder that unreasonably fails to furnish such information within a reasonable time after receiving such request.

(p) In the case of any Shelf Registration Statement, the Issuers and the Guarantors shall enter into such agreements and take all other appropriate actions (including if requested an underwriting agreement in customary form) in order to expedite or facilitate the registration or the disposition of the Securities, and in connection therewith, if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures no less favorable than those set forth in Section 7 (or such other provisions and procedures acceptable to the Majority Holders and the Managing Underwriters, if any, with respect to all parties to be indemnified pursuant to Section 7).

(q) In the case of any Shelf Registration Statement, the Issuers and the Guarantors shall:

(i) make reasonably available for inspection by the Holders of Securities to be registered thereunder, any underwriter participating in any disposition pursuant to such Registration Statement, and any attorney, accountant or other agent retained by the Holders or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Issuers and the Guarantors and their respective subsidiaries;

(ii) cause the Issuers' and the Guarantors' respective officers, directors and employees to supply all relevant information reasonably requested by the Holders or any such underwriter, attorney, accountant or agent in connection with any such Registration Statement as is customary for similar due diligence examinations; provided, however, that any information that is designated in writing by the Issuers or the Guarantors, in good faith, as confidential at the time of delivery of such information shall be kept confidential by the Holders or any such underwriter, attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required

by law, or such information becomes available to the public generally or through a third party without an accompanying obligation of confidentiality;

(iii) make such representations and warranties to the Holders of Securities registered thereunder and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in primary underwritten offerings and covering matters including, but not limited to, those set forth in the Purchase Agreement;

(iv) obtain opinions of counsel to the Issuers and the Guarantors and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the Managing Underwriters, if any) addressed to each selling Holder and the underwriters, if any, covering such matters as are customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(v) obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Issuers and the Guarantors (and, if necessary, any other independent certified public accountants of any subsidiary of the Issuers and the Guarantors or of any business acquired by the Issuers and the Guarantors for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each selling Holder of Securities registered thereunder and the underwriters, if any, in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with primary underwritten offerings; and

(vi) deliver such documents and certificates as may be reasonably requested by the Majority Holders and the Managing Underwriters, if any, including those to evidence compliance with Section 5(k) and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Issuers or the Guarantors.

The actions set forth in clauses (iii), (iv), (v) and (vi) of this Section shall be performed at (A) the effectiveness of such Registration Statement and each post-effective amendment thereto; and (B) each closing under any underwriting or similar agreement as and to the extent required thereunder.

(r) [omitted]

(s) [omitted]

(t) [omitted]

(u) In the event that any Broker-Dealer shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules and the By-Laws of the National Association of Securities Dealers, Inc.) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise,

assist such Broker-Dealer in complying with the requirements of such Rules and By-Laws, including, without limitation, by:

(i) if such Rules or By-Laws shall so require, engaging a "qualified independent underwriter" (as defined in such Rules) to participate in the preparation of the Registration Statement, to exercise usual standards of due diligence with respect thereto and, if any portion of the offering contemplated by such Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities;

(ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 7 hereof; and

(iii) providing such information to such Broker-Dealer as may be required in order for such Broker-Dealer to comply with the requirements of such Rules.

(iv) The Issuers and the Guarantors shall use their reasonable best efforts to take all other steps necessary to effect the registration of the Securities or the New Securities, as the case may be, covered by a Registration Statement.

6. Registration Expenses. The Issuers and the Guarantors bear all expenses incurred in connection with the performance of their obligations under Sections 2, 3 and 5 hereof and, in the event of any Shelf Registration Statement, will reimburse the Holders for the reasonable fees and disbursements of one firm or counsel designated by the Majority Holders to act as counsel for the Holders in connection therewith, and, in the case of any Exchange Offer Registration Statement, will reimburse the Initial Purchaser for the reasonable fees and disbursements of counsel acting in connection therewith.

7. Indemnification and Contribution. (a) The Issuers and each Guarantor agree to indemnify and hold harmless each Holder of Securities or New Securities, as the case may be, covered by any Registration Statement (including the Initial Purchaser and, with respect to any Prospectus delivery as contemplated in Section 5(h) hereof, each Exchanging Dealer), the directors, officers, employees and agents of each such Holder and each Person who controls any such Holder within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement as originally filed or in any amendment thereof, or in any preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agree to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action;

provided, however, that the Issuers and the Guarantors will not be liable in any case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Issuers or the Guarantors by or on behalf of any such Holder specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Issuers or the Guarantors may otherwise have.

The Issuers and each Guarantor also agree to indemnify or contribute as provided in Section 7(d) to Losses of any underwriter of Securities or New Securities, as the case may be, registered under a Shelf Registration Statement, their directors, officers, employees or agents and each Person who controls such underwriter on substantially the same basis as that of the indemnification of the Initial Purchaser and the selling Holders provided in this Section 7(a). The Issuers and each Guarantor shall, if requested by any Holder, enter into an underwriting agreement reflecting such agreement, as provided in Section 5(p) hereof.

(b) Each Holder of securities covered by a Registration Statement (including the Initial Purchaser and, with respect to any Prospectus delivery as contemplated in Section 5(h) hereof, each Exchanging Dealer) severally and not jointly agrees to indemnify and hold harmless the Issuers, the Guarantors, the Initial Purchaser, the director of the Issuers and the Guarantors, the officers of the Issuers and the Guarantors who signs such Registration Statement and each Person who controls the Issuers, the Guarantors and the Initial Purchaser within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Issuers and the Guarantors to each such Holder, but only with reference to written information relating to such Holder furnished to the Issuers and the Guarantors by or on behalf of such Holder specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any such Holder may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 7 or notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants

in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section is unavailable to or insufficient to hold harmless an indemnified party for any reason, then each applicable indemnifying party shall have a joint and several obligation to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which such indemnified party may be subject in such proportion as is appropriate to reflect the relative benefits received by such indemnifying party, on the one hand, and such indemnified party, on the other hand, from the Initial Placement and the Registration Statement which resulted in such Losses; provided, however, that in no case shall the Initial Purchaser or any subsequent Holder of any Security or New Security be responsible, in the aggregate, for any amount in excess of the purchase discount or commission applicable to such Security, or in the case of a New Security, applicable to the Security that was exchangeable into such New Security, as set forth on the cover page of the Final Memorandum, nor shall any underwriter be responsible for any amount in excess of the underwriting discount or commission applicable to the securities purchased by such underwriter under the Registration Statement which resulted in such Losses. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the indemnifying party and the indemnified party shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of such indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Issuers or the Guarantors shall be deemed to be equal to the sum of (x) the total net proceeds from the Initial Placement (before deducting expenses) as set forth on the cover page of the Final Memorandum and (y) the total amount of additional interest which the Issuers and the Guarantors were not required to pay as a result of registering the securities covered by the Registration Statement which resulted in such Losses. Benefits received by the Initial Purchaser shall be deemed to be equal to the total purchase discounts and commissions as set forth on the cover page of the Final Memorandum, and benefits received by any other Holders shall be deemed to be equal to the value of receiving Securities or New Securities, as applicable, registered under the Act. Benefits received by any underwriter shall be deemed to be equal to the total underwriting discounts and commissions, as set forth on the cover page of the Prospectus forming a part of the Registration Statement which resulted in such Losses. Relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission relates to information provided by the

indemnifying party, on the one hand, or by the indemnified party, on the other hand, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties agree that it would not be just and equitable if contribution were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each Person who controls a Holder within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of such Holder shall have the same rights to contribution as such Holder, and each Person who controls the Issuers and the Guarantors within the meaning of either the Act or the Exchange Act, each officer of the Issuers and the Guarantors who shall have signed the Registration Statement and each director of the Issuers and the Guarantors shall have the same rights to contribution as the Issuers and the Guarantors, subject in each case to the applicable terms and conditions of this paragraph (d).

(e) The provisions of this Section will remain in full force and effect, regardless of any investigation made by or on behalf of any Holder or the Issuers and the Guarantors or any of the officers, directors or controlling Persons referred to in this Section hereof, and will survive the sale by a Holder of securities covered by a Registration Statement.

8. Underwritten Registrations. (a) If any of the Securities or New Securities, as the case may be, covered by any Shelf Registration Statement are to be sold in an underwritten offering, the Managing Underwriters shall be selected by the Majority Holders and shall be reasonably satisfactory to the Partnership.

(b) No Person may participate in any underwritten offering pursuant to any Shelf Registration Statement, unless such Person (i) agrees to sell such Person's Securities or New Securities, as the case may be, on the basis reasonably provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements; and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. No Inconsistent Agreements. The Issuers and the Guarantors have not, as of the date hereof, entered into, nor shall they, on or after the date hereof, enter into, any agreement with respect to their securities that is inconsistent with the rights granted to the Holders herein or otherwise conflicts with the provisions hereof.

10. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, qualified, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Issuers and the Guarantors have obtained the

written consent of the Majority Holders (or, after the consummation of any Registered Exchange Offer in accordance with Section 2 hereof, of New Securities); provided that, with respect to any matter that directly or indirectly affects the rights of the Initial Purchaser hereunder, the Issuers and the Guarantors shall obtain the written consent of the Initial Purchaser against which such amendment, qualification, supplement, waiver or consent is to be effective. Notwithstanding the foregoing (except the foregoing proviso), a waiver or consent to departure from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose Securities or New Securities, as the case may be, are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by the Majority Holders, determined on the basis of Securities or New Securities, as the case may be, being sold rather than registered under such Registration Statement.

11. Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telex, telecopier or air courier guaranteeing overnight delivery:

(a) if to a Holder, at the most current address given by such holder to the Issuers and the Guarantors in accordance with the provisions of this Section, which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture, with a copy in like manner to UBS Warburg LLC;

(b) if to you, initially at the respective addresses set forth in the Purchase Agreement;

(c) if to the Issuers, initially at the address set forth in the Purchase Agreement; and

(d) if to the Guarantors, initially at 333 Clay Street, Suite 1600, Houston, Texas 77002.

All such notices and communications shall be deemed to have been duly given when received.

The Initial Purchaser, the Issuers or the Guarantors by notice to the other parties may designate additional or different addresses for subsequent notices or communications.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without the need for an express assignment or any consent by the Issuers or the Guarantors thereto, subsequent Holders of Securities and the New Securities. The Issuers and the Guarantors hereby agree to extend the benefits of this Agreement to any Holder of Securities and the New Securities, and any such Holder may specifically enforce the provisions of this Agreement as if an original party hereto.

13. Counterparts. This agreement may be in signed counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

14. Purchases and Sales of Securities. The Issuers and the Guarantors shall not, and shall use their best efforts to cause their affiliates (as defined in Rule 405 under the Act) not to, purchase and then resell or otherwise transfer any Securities for two (2) years, or if a Shelf Registration Statement shall become effective during such two (2) year period, for the period of such effectiveness.

15. Third Party Beneficiaries. Each Holder shall be a third party beneficiary to the agreements made hereunder between the Issuers and the Guarantors, on the one hand, and the Initial Purchaser, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of other Holders hereunder.

16. Headings. The headings used herein are for convenience only and shall not affect the construction hereof.

17. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State of New York.

18. Severability. In the event that any one of more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

19. Securities Held by the Issuers, the Guarantors, etc. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities or New Securities is required hereunder, Securities or New Securities, as applicable, held by the Issuers, the Guarantors or their Affiliates (other than subsequent Holders of Securities or New Securities if such subsequent Holders are deemed to be Affiliates solely by reason of their holdings of such Securities or New Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a building agreement among the Issuers, the Guarantors and the several Initial Purchaser.

Very truly yours,

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PLAINS AAP, L.P.
its General Partner

By: PLAINS ALL AMERICAN GP LLC
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PAA FINANCE CORP.

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

PLAINS MARKETING, L.P.

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and Chief Financial Officer

ALL AMERICAN PIPELINE, L.P.

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

PLAINS MARKETING GP INC.

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

PLAINS MARKETING CANADA LLC

By: PLAINS MARKETING, L.P.
its Sole Member

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

PMC (NOVA SCOTIA) COMPANY

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

PLAINS MARKETING CANADA, L.P.

By: PMC (NOVA SCOTIA) COMPANY
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

BASIN HOLDINGS GP LLC

By: ALL AMERICAN PIPELINE, L.P.
its Sole Member

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

BASIN PIPELINE HOLDINGS, L.P.

By: BASIN HOLDINGS GP LLC
its General Partner

By: ALL AMERICAN PIPELINE, L.P.
its Sole Member

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

RANCHO HOLDINGS GP LLC

By: ALL AMERICAN PIPELINE, L.P.
its Sole Member

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

RANCHO PIPELINE HOLDINGS, L.P.

By: RANCHO HOLDINGS GP LLC
its General Partner

By: ALL AMERICAN PIPELINE, L.P.
its Sole Member

By: PLAINS MARKETING GP INC.
its General Partner

By: /s/ Phillip D. Kramer

Name: Phillip D. Kramer
Title: Executive Vice President and
Chief Financial Officer

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

UBS WARBURG LLC

By: /s/ Michael Jamieson

Name: Michael Jamieson
Title: Executive Director

By: /s/ Robert B. Wallace

Name: Robert B. Wallace
Title: Executive Director

Exhibit 99.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF PLAINS ALL AMERICAN PIPELINE, L.P.
PURSUANT TO 18 U.S.C. (S) 1350

I, Greg L. Armstrong, Chief Executive Officer of Plains All American Pipeline, L.P. (the "Company"), hereby certify that:

(i) the accompanying report on Form 10-Q for the period ending September 30, 2002, and filed with the Securities and Exchange Commission on the date hereof (the "Report") by the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

/s/ GREG L. ARMSTRONG

Name: Greg L. Armstrong
Date: November 11, 2002

Exhibit 99.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF PLAINS ALL AMERICAN PIPELINE, L.P.
PURSUANT TO 18 U.S.C. (S) 1350

I, Phillip D. Kramer, Chief Financial Officer of Plains All American Pipeline, L.P. (the "Company"), hereby certify that:

(1) the accompanying report on Form 10-Q for the period ending September 30, 2002, and filed with the Securities and Exchange Commission on the date hereof (the "Report") by the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

/s/ PHILLIP D. KRAMER

Name: Phillip D. Kramer
Date: November 11, 2002