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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001

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 2900
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 X No

At November 14, 2001, there were outstanding 31,915,939 Common Units, 1,307,190 Class B Common Units and 10,029,619 Subordinated Units.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT UNIT DATA)

	September 30, 2001	December 31, 2000
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,864	$ 3,426
Accounts receivable and other current assets	543,464	347,698
Inventory	85,980	46,780
Total current assets	633,308	397,904
PROPERTY AND EQUIPMENT	632,164	467,619
Less allowance for depreciation and amortization	(42,256)	(26,974)
	589,908	440,645
OTHER ASSETS		
Pipeline linefill	44,674	34,312
Other, net	31,203	12,940
	$ 1,299,093	$ 885,801
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	$ 493,613	$ 328,542
Due to affiliates	17,272	20,951
Short-term debt and current portion of long-term debt	60,400	1,300
Total current liabilities	571,285	350,793
LONG-TERM LIABILITIES		
Bank debt	434,540	320,000
Other long-term liabilities and deferred credits	1,017	1,009
Total liabilities	1,006,842	671,802
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
PARTNERS' CAPITAL		
Common unitholders (27,015,939 and 23,049,239 units outstanding at September 30, 2001 and December 31, 2000 respectively)	296,294	217,073
Class B common unitholders (1,307,190 units outstanding)	20,002	21,042
Subordinated unitholders (10,029,619 units outstanding)	(35,296)	(27,316)
General partner	11,251	3,200
Total partners' capital	292,251	213,999
	$ 1,299,093	$ 885,801

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER UNIT DATA)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000	2001	2000
REVENUES	$ 2,191,310	$ 1,555,863	$ 5,298,051	$ 5,040,204
COST OF SALES AND OPERATIONS	2,151,666	1,523,303	5,189,288	4,938,318
UNAUTHORIZED TRADING LOSSES AND RELATED EXPENSES	-	6,600	-	6,600
Gross Margin	39,644	25,960	108,763	95,286
EXPENSES				
General and administrative	10,297	9,911	34,327	26,486
Depreciation and amortization	6,402	5,349	17,575	20,148
Total expenses	16,699	15,260	51,902	46,634
OPERATING INCOME	22,945	10,700	56,861	48,652
Interest expense	(7,775)	(6,478)	(22,482)	(18,518)
Related party interest expense	-	-	-	(3,268)
Gain on sale of assets	-	-	-	48,188
Interest and other income (expense)	(9)	294	356	10,825
Income before extraordinary item and cumulative effect of accounting change	15,161	4,516	34,735	85,879
Extraordinary item	-	-	-	(15,147)
Cumulative effect of accounting change (Note 3)	-	-	508	-
NET INCOME	$ 15,161	$ 4,516	$ 35,243	$ 70,732
NET INCOME - LIMITED PARTNERS	$ 14,536	$ 4,359	$ 34,019	$ 69,185
NET INCOME - GENERAL PARTNER	$ 625	$ 157	$ 1,224	$ 1,547
BASIC AND DILUTED NET INCOME PER LIMITED PARTNER UNIT				
Income before extraordinary item and cumulative effect of accounting change	$ 0.38	$ 0.13	$ 0.93	$ 2.45
Extraordinary item	-	-	-	(0.44)
Cumulative effect of accounting change	-	-	0.01	-
Net income	$ 0.38	$ 0.13	$ 0.94	$ 2.01
WEIGHTED AVERAGE UNITS OUTSTANDING	38,353	34,386	36,156	34,386

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 35,243	$ 70,732
Items not affecting cash flows from operating activities:		
Depreciation and amortization	17,575	20,148
Gain on the sale of assets	-	(48,188)
Cumulative effect of accounting change	(508)	-
Change in derivative fair value	(712)	-
Other noncash items	5,583	6,843
Change in assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable and other current assets	(189,394)	95,284
Inventory	(8,037)	12,539
Pipeline linefill	-	(13,397)
Due to affiliates	(3,679)	-
Accounts payable and other current liabilities	149,408	(143,451)
Other long-term liabilities and deferred credits	-	(8,000)
Net cash provided by (used in) operating activities	5,479	(7,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid in connection with acquisitions (Note 5)	(209,264)	-
Additions to property and equipment and other assets	(13,804)	(7,487)
Proceeds from sales of assets	1,808	223,859
Net cash provided by (used in) investing activities	(221,260)	216,372
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances (to) from affiliates	-	(18,790)
Proceeds from long-term debt	1,655,475	794,800
Proceeds from short-term debt	258,655	47,750
Payment of subordinated debt - general partner	-	(114,000)
Principal payments of long-term debt	(1,537,935)	(812,900)
Principal payments of short-term debt	(202,555)	(106,469)
Costs incurred in connection with financing arrangements	(10,649)	(6,500)
Proceeds from issuance of units	106,209	-
Distributions to unitholders	(52,981)	(43,269)
Net cash provided by (used in) financing activities	216,219	(259,378)
Net increase (decrease) in cash and cash equivalents	438	(50,496)
Cash and cash equivalents, beginning of period	3,426	53,768
Cash and cash equivalents, end of period	$ 3,864	$ 3,272

See notes to consolidated financial statements.

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(IN THOUSANDS)
(UNAUDITED)

	COMMON UNITS		CLASS B COMMON UNITS		SUBORDINATED UNITS		GENERAL PARTNER	TOTAL PARTNERS' CAPITAL
	UNITS	AMOUNT	UNITS	AMOUNT	UNITS	AMOUNT	AMOUNT	AMOUNT
Balance at December 31, 2000	23,049	$217,073	1,307	$ 21,042	10,030	$(27,316)	$ 3,200	$ 213,999
Issuance of units	3,967	98,606	-	-	-	-	2,879	101,485
Noncash compensation expense	-	-	-	-	-	-	5,741	5,741
Distributions	-	(35,116)	-	(1,879)	-	(14,418)	(1,568)	(52,981)
Other comprehensive income	-	(7,668)	-	(385)	-	(2,958)	(225)	(11,236)
Net income	-	23,399	-	1,224	-	9,396	1,224	35,243
Balance at September 30, 2001	27,016	$296,294	1,307	$ 20,002	10,030	$(35,296)	$ 11,251	$ 292,251

See notes to consolidated financial statements.

NOTE 1 -- ORGANIZATION AND ACCOUNTING POLICIES

We are a Delaware limited partnership that was formed in September of 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. and its wholly owned subsidiaries. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the business of the midstream subsidiaries of Plains Resources. Our operations are conducted through Plains Marketing, L.P., All American Pipeline, L.P. and Plains Marketing Canada, L.P. The terms "Plains All American" and the "Partnership" herein refer to Plains All American Pipeline, L.P. and its affiliated operating partnerships. We are engaged in interstate and intrastate transportation, marketing, and terminalling of crude oil. Our operations are conducted primarily in Texas, California, Oklahoma, Louisiana, the Gulf of Mexico and the Canadian Provinces of Alberta and Saskatchewan.

The accompanying financial statements and related notes present our consolidated financial position as of September 30, 2001 and December 31, 2000; the results of our operations for the three and nine months ended September 30, 2001 and 2000; cash flows for the nine months ended September 30, 2001 and 2000; and changes in partners' capital for the nine months ended September 30, 2001. The financial statements have been prepared in accordance with the instructions to interim reporting as prescribed by the Securities and Exchange Commission ("SEC"). 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 have been made to prior period amounts to conform with current period presentation. The results of operations for the three and nine months ended September 30, 2001 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 2000 Annual Report on Form 10-K.

NOTE 2 -- EQUITY OFFERINGS

On October 31, 2001, we completed a public offering of 4,500,000 common units. Net cash proceeds from the offering, including our general partner's proportionate contribution, were approximately $116 million. On November 13, 2001, the underwriters in the offering exercised their overallotment option and purchased an additional 400,000 units for net cash proceeds of approximately $10.8 million. This offering is in addition to the 3,966,700 units issued in May and June, 2001 which resulted in net proceeds of $100.7 million, including our general partner's proportionate contribution. Proceeds from both offerings were used to repay borrowings under our revolving credit facility, a portion of which was used to finance our Canadian acquisitions (see Note 5).

NOTE 3 -- DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2001, we adopted Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS 137 and SFAS 138. Under SFAS 133, all derivative instruments are recorded on the balance sheet at fair value. If the derivative does not qualify as a hedge or is not designated as a hedge, the gain or loss on the derivative is recognized currently in earnings. To qualify for hedge accounting, the derivative must qualify either as a fair value hedge, cash flow hedge or foreign currency hedge. With respect to fair value hedges, gains or losses for both the hedge and the hedged item are taken directly to earnings in the current period. Thus, earnings are impacted by the net change between the hedge and the underlying hedged transaction. With respect to cash flow hedges, gains or losses are deferred in accumulated Other Comprehensive Income ("OCI"), a component of Partners' Capital, to the extent the hedge is effective (discussed further below). Foreign currency hedges may be treated as either fair value hedges or cash flow hedges, depending on the specific characteristics of the hedge. As of September 30, 2001 our hedges consisted only of cash flow hedges or foreign currency hedges treated as cash flow hedges, and the remaining discussion relates exclusively to these types of hedges.

The relationship between the hedging instrument and the hedged item must be highly effective in achieving the offset of changes in cash flows attributable to the hedged risk both at the inception of the contract and on an ongoing basis. Hedge accounting is discontinued prospectively when a hedge instrument becomes ineffective. Gains and losses deferred in OCI related to cash flow hedges that become ineffective remain unchanged until the related product is delivered. If it is determined that it is probable that a hedged forecasted transaction will not occur, deferred gains or losses on the hedging instrument are recognized in earnings immediately.

Gains and losses on hedging instruments related to OCI and adjustments to carrying amounts on hedged volumes are included in revenues in the period that the related volumes are delivered. Gains and losses of hedging instruments that represent hedge ineffectiveness are included in earnings in the period in which they occur.

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

On January 1, 2001, in accordance with the transition provisions of SFAS 133, we recorded a loss of $8.3 million in OCI, representing the cumulative effect of an accounting change to recognize, at fair value, all cash flow derivatives. We also recorded a noncash gain of $0.5 million in earnings as a cumulative effect adjustment.

At September 30, 2001, an $11.1 million unrealized loss was recorded to OCI together with related assets and liabilities of $7.3 million and $17.7 million, respectively. Earnings included a noncash gain of $0.8 million related to the ineffective portion of our cash flow hedges, as well as certain derivative contracts that did not qualify as hedges relating to our Canadian businesses due to a low correlation between the futures contract and hedged item. Our hedge-related assets and liabilities are included in other current assets and other current liabilities in the balance sheet.

As of September 30, 2001, the total amount of deferred net losses on derivative instruments recorded in OCI are expected to be reclassified to earnings during the next twelve-month period. The following table sets forth our open crude oil hedge positions at September 30, 2001. These are futures hedges and thus have offsetting physical exposures to the extent they are effective.

	2001	2002		
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
Volume (bbls)				
Short positions	1,302,000	-	-	-
Long positions	-	2,760,000	213,000	-
Average price ($/bbl)	$26.94	$27.37	$28.46	-

At September 30, 2001, we had arrangements to protect interest rate fluctuations on a portion of our outstanding debt for an aggregate notional amount of $275.0 million. These instruments are based on LIBOR rates. Approximately $125 million notional amount is comprised of an interest rate collar that provides for a floor of 6.1% and a ceiling of 8.0% with an expiration date of August 2002. The remaining $150 million notional amount consists of interest rate swaps with an average LIBOR rate of approximately 3.8%. These swaps expire with respect to $100 million in September, 2003, and the remainder in March, 2004.

During the third quarter of 2001, gains of $4.5 million were relieved from OCI and the fair value of open positions decreased $0.7 million. Additionally, certain derivative positions were terminated prior to maturity. As such, a $11.1 million loss related to all positions (open and closed hedges) was recorded in OCI at September 30, 2001.

We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking the hedge. Hedge effectiveness is measured on a quarterly basis. This process includes specific identification of the hedging instrument and the hedge 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. No amounts were excluded from the computation of hedge effectiveness.

NOTE 4 - COMPREHENSIVE INCOME

Comprehensive income includes net income and certain items recorded directly to Partners' Capital and classified as OCI. Following the adoption of SFAS 133, we recorded a charge to OCI of $8.3 million related to the change in fair value of certain derivative financial instruments that qualified for cash flow hedge accounting. The following table reflects comprehensive income for the nine months ended September 30, 2001 (in thousands):

Total Comprehensive Income at January 1, 2001	$ -
Cumulative effect of change in accounting principle	(8,337)
Reclassification adjustment for settled contracts	2,315
Changes in fair value of open hedging positions	(5,056)
Currency translation adjustment	(158)
Other Comprehensive Income at September 30, 2001	(11,236)
Net income for the nine months ended September 30, 2001	35,243
Total Comprehensive Income at September 30, 2001	$ 24,007

NOTE 5 -- ACQUISITIONS

Murphy Oil Company Ltd. Midstream Operations

In May 2001, we closed the acquisition of substantially all of the Canadian crude oil pipeline, gathering, storage and terminalling assets of Murphy Oil Company Ltd. for approximately $161 million in cash ("the Murphy Acquisition"), including financing and transaction costs. Financing for the acquisition was provided through borrowings under our bank credit facilities. The purchase included $6.5 million for excess inventory in the pipeline systems. The principal assets acquired include approximately 450 miles of crude oil and condensate transmission mainlines (including dual lines on which condensate is shipped for blending purposes and blended crude is shipped in the opposite direction) and associated gathering and lateral lines, approximately 1.1 million barrels of crude oil storage and terminalling capacity located primarily in Kerrobert, Saskatchewan, approximately 254,000 barrels of pipeline linefill and tank inventories, an inactive 108-mile mainline system and 121 trailers used primarily for crude oil transportation. We have reactivated the 108-mile mainline system and began shipping volumes in May of 2001.

Murphy agreed to continue to transport production from fields previously delivering crude oil to these pipeline systems, under a long-term contract. The current volume under the contract is approximately 11,000 barrels per day. The pipeline systems currently transport approximately 225,000 barrels per day of light, medium and heavy crudes, as well as condensate.

The Murphy Acquisition has been accounted for using the purchase method of accounting and the purchase price was allocated in accordance with Accounting Principles Board Opinion No. 16, Business Combinations, ("APB 16"). The purchase price allocation, which is preliminary and will likely have further refinements made to it, is as follows (in thousands):

Crude oil pipeline, gathering and terminal assets	$150,182
Pipeline linefill	7,602
Net working capital items	1,953
Other property and equipment	487
Other assets, including debt issue costs	360
Total	$160,584

CANPET Energy Group Inc.

In July 2001, we acquired the assets of CANPET Energy Group Inc. ("CANPET"), a Calgary-based Canadian crude oil and liquefied petroleum gas marketing company, for approximately $42.0 million plus excess inventory at the closing date of approximately $25 million. Approximately $24.0 million of the purchase price plus the excess inventory was paid in cash at closing, and the remainder, which is subject to certain performance standards, will be paid in common units in April 2004 if such standards are met. CANPET activities include gathering approximately 75,000 barrels per day of crude oil and marketing an average of approximately 26,000 barrels per day of natural gas liquids. Tangible assets acquired include a crude oil handling facility, a 130,000-barrel tank facility and working capital of approximately $8.6 million. Financing for the acquisition was provided through borrowings under our bank credit facility.

The Canpet Acquisition has been accounted for using the purchase method of accounting and the purchase price was allocated in accordance with SFAS 141 (see Note 9). The purchase price allocation, which is preliminary and will likely have further refinements made to it, is as follows (in thousands):

Inventory	$28,895
Other assets, including debt issue costs	11,078
Pipeline linefill	4,144
Crude oil gathering and terminal assets	4,061
Other property and equipment	502
Total	$48,680

Pro Forma Results for the Murphy and Canpet Acquisitions

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 Murphy and Canpet acquisitions and the issuance of 3,966,700 units in May and June, 2001 had occurred on January 1, 2000 (in thousands):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000
Revenues	$ 6,071,353	$ 6,454,750
Income before extraordinary item and cumulative effect of accounting change	$ 47,848	$ 94,631
Net income	$ 48,356	$ 79,484
Basic and diluted income before extraordinary item and cumulative effect of accounting change per limited partner unit	$ 1.28	$ 2.69
Basic and diluted net income per limited partner unit	$ 1.29	$ 2.26

NOTE 6 -- CREDIT AGREEMENTS

In September 2001, we amended and expanded our existing credit facilities to include a six-year, $200 million term B loan. In connection with the amendment, we reduced the revolving portion of the facilities by $50 million. Our credit facilities currently consist of:

- a $780.0 million senior secured revolving credit and term loan facility, which is secured by substantially all of our assets. The facility consists of a $450.0 million domestic revolving facility (reflecting the $50 million reduction in such facility in connection with the September amendment), 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 $100.0 million term loan and a $200.0 million term B loan. The facility matures, as to the aggregate $480.0 million domestic and Canadian revolver portions, in April, 2005, as to the $100.0 million term portion, in May, 2006, and, as to the $200.0 million term B loan portion, September, 2007. On the revolver portions, no principal is scheduled for payment prior to maturity; however, if we issue privately-placed or public debt, the net proceeds of such debt must be used to repay then-outstanding loans under the domestic revolver, and with the repayment and depending on the face amount of such indebtedness, the domestic revolver commitment will be reduced by a dollar amount equal to 40% to 50% of the face amount of such indebtedness, less the $50 million reduction in the revolver commitment in September 2001. The $100 million term loan portion of this facility has four scheduled annual payments of principal, commencing May 4, 2002, in the respective amounts of 1%, 7%, 8% and 8% of the original term principal amount, with the remaining principal balance scheduled for payment on the stated maturity date of May 5, 2006. If any part of the term portion is prepaid prior to its first anniversary, a 1% premium will be due on that portion. The $200 million term B loan has 1% payable yearly commencing on September 21, 2002, with the remaining principal balance scheduled for payment on the stated maturity date of September 26, 2007. The term B loan may be prepaid without penalty. The revolving credit and term loan facility bears interest at our option at either the base rate, as defined, plus an applicable margin, or LIBOR plus an applicable margin, and further, the Canadian revolver may effectively bear interest based upon bankers' acceptance rates. We incur a commitment fee on the unused portion of the revolver portion of this credit facility.

- a $200.0 million senior secured letter of credit and borrowing facility, the purpose of which is to provide standby letters of credit to support the purchase and exchange of crude oil and other specified petroleum products for resale and borrowings to finance crude oil inventory and other specified petroleum products that have been hedged against future price risk. The letter of credit facility is secured by substantially all of our assets and has a sublimit for cash borrowings of $100.0 million to purchase crude oil and other petroleum products that have been hedged against future price risk and to fund margin requirements under NYMEX contracts used to facilitate our hedging activities. The letter of credit facility expires in April, 2004. Aggregate availability under the letter of credit facility for direct borrowings and letters of credit is limited to a borrowing base that is determined monthly based on certain of our current assets and current liabilities, primarily inventory and accounts receivable and accounts payable related to the purchase and sale of crude oil and other specified petroleum products.

Our credit facilities prohibit distributions on, or purchases or redemptions of, units if any default or event of default is continuing. In addition, the agreements contain various covenants limiting our ability to, among other things:

- incur indebtedness;
- grant liens;
- sell assets;
- make investments;
- engage in transactions with affiliates;
- enter into prohibited contracts; and
- enter into a merger or consolidation.

Our credit facilities treat a change of control as an event of default and also require us to maintain:

- a current ratio (as defined) of 1.0 to 1.0;
- a debt coverage ratio which is not greater than 4.50 to 1 through June 29, 2002, 4.25 to 1.0 from June 30, 2002 through December 30, 2002 and 4.0 to 1.0 thereafter;
- an interest coverage ratio which is not less than 2.75 to 1.0; and
- a debt to capital ratio of not greater than 0.70 to 1.0 prior to December 31, 2002 and 0.65 to 1.0 thereafter.

A default under our credit facilities would permit the lenders to accelerate the maturity of the outstanding debt and to foreclose on the assets securing the credit facilities. As long as we are in compliance with our commercial credit agreements, they do not restrict our ability to make distributions of "available cash" as defined in our partnership agreement. We are currently in compliance with the covenants contained in our credit agreements.

NOTE 7 -- DISTRIBUTIONS

On February 14, 2001, we paid a cash distribution of $0.4625 per unit on our outstanding common units, Class B units and subordinated units. The distribution was paid to unitholders of record on February 2, 2001 for the period October 1, 2000 through December 31, 2000. The total distribution paid was approximately $16.3 million, with approximately $7.5 million paid to our public unitholders and the remainder paid to our prior general partner for its limited partner, general partner and incentive distribution interests. The distribution was in excess of the minimum quarterly distribution specified in the Partnership Agreement.

On May 15, 2001, we paid a cash distribution of $0.475 per unit on our outstanding common units, Class B units and subordinated units. The distribution was paid to unitholders of record on May 3, 2001 for the period January 1, 2001 through March 31, 2001. The total distribution paid was approximately $16.8 million, with approximately $7.7 million paid to our public unitholders and the remainder to our prior general partner for its limited partner, general partner and incentive distribution interests.

On August 14, 2001, we paid a cash distribution of $0.50 per unit on our outstanding common units, Class B units and subordinated units. The distribution was paid to unitholders of record on August 3, 2001, for the period April 1, 2001 through June 30, 2001. The total distribution paid was approximately $19.9 million, with approximately $13.5 million paid to our common unitholders, $0.7 million to our Class B common unitholders, $5.0 million to our subordinated unitholders (including approximately $0.2 million to our general partner), and the remainder to our general partner for its general partner and incentive distribution interests.

On October 18, 2001, we declared a cash distribution of $0.5125 per unit on our outstanding common units, Class B units and subordinated units. The distribution is payable on November 14, 2001 to holders of record on November 2, 2001. The total distribution to be paid is approximately $22.9 million, with approximately $16.2 million to be paid to our common unitholders, $0.7 million to our Class B common unitholders, $5.1 million to our subordinated unitholders (including approximately $0.2 million to our general partner), and the remainder to be paid to our general partner for its general partner and incentive distribution interests.

NOTE 8 -- OPERATING SEGMENTS

Our operations consist of two operating segments: (1) Pipeline Operations - engages in interstate and intrastate crude oil pipeline transportation and related merchant activities; (2) Gathering, Marketing, Terminalling and Storage Operations - engages in purchases and resales of crude oil at various points along the distribution chain and the leasing of terminalling and storage facilities.

(IN THOUSANDS) (UNAUDITED)	PIPELINE	GATHERING, MARKETING, TERMINALLING, & STORAGE	TOTAL
THREE MONTHS ENDED SEPTEMBER 30, 2001			
Revenues:			
External Customers	$ 88,829	$ 2,102,481	$2,191,310
Intersegment (a)	4,491	873	5,364
Other revenue (expense)	-	(9)	(9)
Total revenues of reportable segments	$ 93,320	$ 2,103,345	$2,196,665
Segment gross margin (b)	$ 16,089	$ 23,555	$ 39,644
Segment gross profit (c)	13,971	15,376	29,347
Income allocated to reportable segments (d)	5,460	9,701	15,161
Noncash compensation expense	n/a	n/a	-
Income before extraordinary item and cumulative effect of accounting change	n/a	n/a	$ 15,161
Total assets	$450,047	$ 849,046	$1,299,093
THREE MONTHS ENDED SEPTEMBER 30, 2000			
Revenues:			
External Customers	$ 93,226	$ 1,462,637	$1,555,863
Intersegment (a)	4,752	-	4,752
Other revenue (expense)	(6)	300	294
Total revenues of reportable segments	$ 97,972	$ 1,462,937	$1,560,909
Segment gross margin (b)	$ 11,886	$ 14,074	$ 25,960
Segment gross profit (c)	11,865	6,322	18,187
Income (loss) allocated to reportable segments (d)	10,396	(3,742)	6,654
Noncash compensation expense	n/a	n/a	2,138
Income before extraordinary item and cumulative effect of accounting change	n/a	n/a	$ 4,516
Total assets	$319,211	$ 567,630	$ 886,841

Table continued on following page

(IN THOUSANDS) (UNAUDITED)	PIPELINE	GATHERING, MARKETING, TERMINALLING, & STORAGE	TOTAL
NINE MONTHS ENDED SEPTEMBER 30, 2001			
Revenues:			
External Customers	$268,682	$ 5,029,369	$5,298,051
Intersegment (a)	12,966	2,118	15,084
Other revenue	-	356	356
Total revenues of reportable segments	$281,648	$ 5,031,843	$5,313,491
Segment gross margin (b)	$ 48,247	$ 60,516	$ 108,763
Segment gross profit (c)	44,639	35,538	80,177
Income allocated to reportable segments (d)	26,439	14,037	40,476
Noncash compensation expense	n/a	n/a	5,741
Income before extraordinary item and cumulative effect of accounting change	n/a	n/a	$ 34,735
Total assets	$450,047	$ 849,046	$1,299,093
NINE MONTHS ENDED SEPTEMBER 30, 2000			
Revenues:			
External Customers	$379,806	$ 4,660,398	$5,040,204
Intersegment (a)	65,250	-	65,250
Other revenue	9,673	1,152	10,825
Total revenues of reportable segments	$454,729	$ 4,661,550	$5,116,279
Gain on sale of assets	$ 48,188	$ -	$ 48,188
Segment gross margin (b)	37,802	57,484	95,286
Segment gross profit (c)	36,158	34,911	71,069
Income allocated to reportable segments (d)	83,503	4,645	88,148
Noncash compensation expense	n/a	n/a	2,269
Income before extraordinary item and cumulative effect of accounting change	n/a	n/a	$ 85,879
Total assets	$319,211	$ 567,630	$ 886,841

a) Intersegment sales were conducted on an arm's length basis.
b) Gross margin is calculated as revenues less cost of sales and operations expenses.
c) Gross profit is calculated as revenues less costs of sales and operations expenses and general and administrative expenses, excluding noncash compensation expense.
d) Excludes noncash compensation expense, as it is not allocated to the reportable segments.

NOTE 9 -- ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires all business combinations initiated after June 30, 2001, to be accounted for under the purchase method. For all business combinations for which the date of acquisition is after June 30, 2001 (including the Canpet acquisition, see Note 5), this Standard also establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain, rather than deferred and amortized. SFAS 142 changes the accounting for goodwill and other intangible assets after an acquisition. The most significant changes made by SFAS 142 are: 1) goodwill and intangible assets with indefinite lives will no longer be amortized; 2) goodwill and intangible assets with indefinite lives must be tested for impairment at least annually; and 3) the amortization period for intangible assets with finite lives will no longer be limited to forty years. We believe that the adoption of this Standard will not have a material effect on either our financial position, results of operations, or cash flows.

We will account for all future business combinations under SFAS 141. Effective January 1, 2002, we will adopt SFAS 142, as required. At that time, amortization will cease on the unamortized portion of the goodwill arising from the Scurlock acquisition.

In June 2001, the FASB also issued SFAS 143 "Asset Retirement Obligations". SFAS 143 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including (1) the timing 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. At this time, we cannot reasonably estimate the effect of the adoption of this statement on either our financial position, results of operations, or cash flows.

In August 2001, the FASB approved SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. At this time, we cannot reasonably estimate the effect of the adoption of this statement on either our financial position, results of operations, or cash flows. We will adopt the Statement effective January 1, 2002.

NOTE 10 -- CONTINGENCIES

During 1997, the All American Pipeline experienced a leak in a segment of its pipeline in California that resulted in an estimated 12,000 barrels of crude oil being released into the soil. Immediate action was taken to repair the pipeline leak, contain the spill and to recover the released crude oil. We have expended approximately $400,000 to date in connection with this spill. We do not expect additional costs related to this site to exceed $350,000, although we can provide no assurances in that regard.

Prior to being acquired by our predecessor in 1996, the Ingleside Terminal experienced releases of refined petroleum products into the soil and groundwater underlying the site due to activities on the property. We are undertaking a voluntary state-administered remediation of the contamination on the property. We have spent approximately $145,000 to date in investigating the contamination at this site. We do not anticipate the total additional costs related to this site to exceed $250,000, although no assurance can be given that the actual cost could not exceed such estimate.

Litigation

Texas Securities Litigation. On November 29, 1999, a class action lawsuit was filed in the United States District Court for the Southern District of Texas entitled Di Giacomo v. Plains All American Pipeline, L.P., et al. The suit alleged that Plains All American and certain of the officers and directors of Plains All American Inc. (our general partner at the time) violated federal securities laws, primarily in connection with unauthorized trading by a former employee. An additional nineteen cases were filed in the Southern District of Texas, some of which name Plains All American Inc. and Plains Resources as additional defendants. All of the federal securities claims have been consolidated into two actions. The first consolidated action is that filed by purchasers of Plains Resources' common stock and options, and is captioned Koplovitz v. Plains Resources Inc., et al. The second consolidated action is that filed by purchasers of our common units, and is captioned Di Giacomo v. Plains All American Pipeline, L.P., et al. Plaintiffs alleged that the defendants were liable for securities fraud violations under Rule 10b-5 and Section 20(a) of the Securities Exchange Act of 1934 and for making false registration statements under Sections 11 and 15 of the Securities Act of 1933.

We and Plains Resources reached an agreement with representatives for the plaintiffs for the settlement of all of the class actions, and in January 2001, we deposited approximately $30.0 million under the terms of the settlement agreement into an escrow account on behalf of the class. The total cost of the settlement to us and Plains Resources, including interest and expenses and after insurance reimbursements, was $14.9 million. Of that amount, $1.0 million was allocated to Plains Resources by agreement between special independent committees of the board of directors of Plains All American Inc. and the board of directors of Plains Resources. The settlement is subject to final approval by the court. The settlement agreement does not affect the Texas Derivative Litigation and Delaware Derivative Litigation described below.

Delaware Derivative Litigation. On December 3, 1999, two derivative lawsuits were filed in the Delaware Chancery Court, New Castle County, entitled Susser v. Plains All American Inc., et al and Senderowitz v. Plains All American Inc., et al. These suits, and three others which were filed in Delaware subsequently, named Plains All American Inc., its directors and certain of its officers as defendants, and allege that the defendants breached the fiduciary duties that they owed to Plains All American Pipeline, L.P. and its unitholders by failing to monitor properly the activities of its employees. The court has consolidated all of the cases under the caption In Re Plains All American Inc. Shareholders Litigation, and has designated the complaint filed in Susser v. Plains All American Inc. as the complaint in the consolidated action. A motion to dismiss was filed on behalf of the defendants on August 11, 2000.

The plaintiffs in the Delaware derivative litigation seek that the defendants

- account for all losses and damages allegedly sustained by Plains All American from the unauthorized trading losses;
- establish and maintain effective internal controls ensuring that our affiliates and persons responsible for our affairs do not engage in wrongful practices detrimental to Plains All American;
- pay for the plaintiffs' costs and expenses in the litigation, including reasonable attorneys' fees, accountants' fees and experts' fees, and
- provide the plaintiffs any additional relief as may be just and proper under the circumstances.

We have reached an agreement in principle with the plaintiffs, subject to approval by the Delaware court, to settle the Delaware litigation for approximately $1.1 million.

Texas Derivative Litigation. On July 11, 2000, a derivative lawsuit was filed in the United States District Court of the Southern District of Texas entitled Fernandes v. Plains All American Inc., et al, naming Plains All American Inc., its directors and certain of its officers as defendants. This lawsuit contains the same claims and seeks the same relief as the Delaware derivative litigation, described above. A motion to dismiss was filed on behalf of the defendants on August 14, 2000.

We intend to vigorously defend the claims made in the Texas derivative litigation. We believe that Delaware court approval of the settlement of the Delaware derivative litigation will effectively preclude prosecution of the Texas derivative litigation. However, there can be no assurance that we will be successful in our defense or that this lawsuit will not have a material adverse effect on our financial condition, results of operations or cash flows.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are a Delaware limited partnership that was formed in September of 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. and its wholly owned subsidiaries. On November 23, 1998, we completed our initial public offering and the transactions whereby we became the successor to the business of the midstream subsidiaries of Plains Resources. Our operations are conducted through Plains Marketing, L.P., All American Pipeline, L.P. and Plains Marketing Canada, L.P. We are engaged in interstate and intrastate transportation, marketing, and terminalling of crude oil. Our operations are conducted primarily in Texas, California, Oklahoma, Louisiana, the Gulf of Mexico and the Canadian Provinces of Alberta and Saskatchewan.

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

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

RECENT EVENTS

Murphy Oil Company Ltd. Midstream Operations. In May 2001, we closed the acquisition of substantially all of the Canadian crude oil pipeline, gathering, storage and terminalling assets of Murphy Oil Company Ltd. for approximately $161 million in cash (the "Murphy Acquisition"), including financing and transaction costs. The purchase included $6.5 million for excess inventory in the pipeline systems. The principal assets acquired included approximately 450 miles of crude oil and condensate transmission mainlines (including dual lines on which condensate is shipped for blending purposes and blended crude is shipped in the opposite direction) and associated gathering and lateral lines, approximately 1.1 million barrels of crude oil storage and terminalling capacity located primarily in Kerrobert, Saskatchewan, approximately 254,000 barrels of linefill and tank inventories, an inactive 108-mile mainline system and 121 trailers used primarily for crude oil transportation. We have reactivated the 108-mile mainline system and began shipping volumes in May of 2001.

Murphy agreed to continue to transport production from fields currently delivering crude oil to these pipeline systems, under a long-term contract. The current volume under the contract is approximately 11,000 barrels per day. The pipeline systems currently transport approximately 225,000 barrels per day of light, medium and heavy crudes, as well as condensate.

CANPET Energy Group Inc. In July 2001, we acquired the assets of CANPET Energy Group Inc. ("CANPET") a Calgary based Canadian crude oil and liquefied petroleum gas marketing company, for approximately $42.0 million plus excess inventory at the closing date of approximately $25 million. Approximately $24.0 million of the purchase price plus the excess inventory was paid in cash at closing and the remainder, which is subject to certain performance standards, will be paid in common units in April, 2004, if such standards are met. CANPET activities include gathering approximately 75,000 barrels per day of crude oil and marketing approximately 26,000 barrels per day of natural gas liquids. Tangible assets acquired included a crude oil handling facility, a 130,000-barrel tank facility and working capital of approximately $8.6 million. Financing for the acquisition was provided through borrowings under our bank credit facility.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2001 and 2000

For the three months ended September 30, 2001, we reported net income of $15.2 million on total revenue of $2.2 billion compared to net income for the same period in 2000 of $4.5 million on total revenues of $1.6 billion. The results for the three months ended September 30, 2000 included the following unusual items:

- $6.6 million charge for litigation costs related to the unauthorized trading losses, and
- $2.1 million of noncash compensation expense.

Excluding the items noted above, we would have reported net income of $13.3 million for the three months ended September 30, 2000.

The following table sets forth our operating results for the periods indicated and includes the impact of the items discussed above (in thousands):

	THREE MONTHS ENDED September 30, 2001	THREE MONTHS ENDED September 30, 2000
Operating Results:		
Revenues	$2,191,310	$1,555,863
Gross margin:		
Pipeline	$ 16,089	$ 11,886
Gathering and marketing and terminalling and storage	23,555	20,674
Unauthorized trading losses	-	(6,600)
Total	39,644	25,960
General and administrative expense	(10,297)	(9,911)
Gross profit	$ 29,347	$ 16,049
Net income	$ 15,161	$ 4,516
AVERAGE DAILY VOLUMES (MBBLS/DAY):		
Pipeline Activities:		
All American		
Tariff activities	68	76
Margin activities	53	55
Canada	225	-
Other	113	100
Total	459	231
Lease gathering	391	258
Bulk purchases	55	28
Total	446	286
Terminal throughput	97	81
Storage leased to third parties, monthly average volumes	2,672	1,687

Revenues. Revenues increased to $2.2 billion for the third quarter of 2001 compared to the 2000 third quarter amount of $1.6 billion. The increase is primarily attributable to our Canadian acquisitions.

Cost of Sales and Operations. Cost of sales and operations increased to $2.1 billion in the third quarter of 2001 compared to $1.5 billion in the same quarter of 2000. The increase is primarily due to our Canadian acquisitions and an increase in fuel and power expenses.

General and Administrative. General and administrative expenses were $10.3 million for the quarter ended September 30, 2001, compared to $9.9 million for the third quarter in 2000. The increase in 2001 is primarily due to our Canadian acquisitions as well as additional salary expenses related to the reorganization of our general partner.

Depreciation and Amortization. Depreciation and amortization expense was $6.4 million for the quarter ended September 30, 2001, compared to $5.3 million for the third quarter of 2000. The increase is a result of our Canadian acquisitions.

Interest expense. Interest expense was $7.8 million for the quarter ended September 30, 2001, compared to $6.5 million for the third quarter in 2000. An increased average debt balance in the current quarter, primarily due to our Canadian acquisitions, was partially offset by lower interest rates.

Unauthorized trading losses. In the third quarter of 2000, we recognized a $6.6 million charge, in addition to prior accruals, for litigation expenses related to the unauthorized trading losses.

Noncash compensation expense. We recognized noncash compensation expense of $2.1 million in the third quarter of 2000 related to the probable vesting of partnership units granted by our general partner to certain officers and key employees of our general partner and its affiliates.

Segment Results

Pipeline Operations. Gross margin from pipeline operations was $16.1 million for the quarter ended September 30, 2001 compared to $11.9 million for the prior year quarter. The majority of the increase is attributable to our recently acquired Canadian operations as well as an increase in tariffs and volumes shipped on our domestic pipelines. Because of increased fuel and power costs in 2001, we expect the tariff on the All American Pipeline to increase effective January 1, 2002, although we can make no assurance in that regard.

Average daily pipeline volumes totaled 459,000 barrels per day and 231,000 barrels per day for the third quarter of 2001 and 2000, respectively. The volume increase is primarily due to our Canadian acquisitions. Tariff volumes on domestic pipelines increased a net 5,000 barrels per day. Volumes on the Scurlock and West Texas Gathering systems increased 13,000 barrels per day to 113,000 barrels per day from 100,000 barrels per day. Volumes on the All American Pipeline decreased approximately 8,000 barrels per day. Despite this decrease, revenues from the All American Pipeline volumes have remained approximately flat due to a tariff increase that was effective at the beginning of 2001.

Gathering and Marketing Activities and Terminalling and Storage Activities. Gross margin from gathering, marketing, terminalling, and storage was adversely impacted by market conditions during the third quarter and higher operating costs, including fuel and power expenses. Despite this, gross margin from gathering, marketing, terminalling and storage activities was approximately $23.5 million for the quarter ended September 30, 2001, a 14% increase as compared to $20.7 million in the prior year quarter (excluding the unauthorized trading losses). This increase is primarily due to our Canadian acquisitions, as well as increased storage and throughput at our Cushing Terminal.

Lease gathering volumes increased to approximately 391,000 barrels per day in the current year period from an average of 258,000 barrels per day in the third quarter of 2000. Bulk purchase volumes increased from approximately 28,000 barrels per day in the 2000 third quarter to approximately 55,000 barrels per day in the current year period. Our Canadian acquisitions accounted for 110,000 barrels per day and 34,000 barrels per day of the increase in lease gathered and bulk volumes, respectively.

Terminal throughput, which includes both our Cushing and Ingleside terminals, increased to 97,200 barrels per day from 81,400 barrels per day in the third quarter of last year. Storage leased to third parties increased to 2.7 million barrels compared to 1.7 million barrels in the previous year's quarter.

Nine Months Ended September 30, 2001 and 2000

For the nine months ended September 30, 2001, we reported net income of $35.2 million on total revenue of $5.3 billion, compared to net income for the same period in 2000 of $70.7 million on total revenues of $5.0 billion. The results for the nine months ended September 30, 2001 and 2000 include the following unusual items:

2001

- a $6.1 million charge associated with the vesting of phantom partnership units primarily as a result of the change in our general partner in June, 2001. Approximately $5.7 million of the charge (included in general and administrative expenses) was noncash and was satisfied by units owned by our former general partner. This portion of the charge had no impact on equity or the number of outstanding units as it was offset by a deemed capital contribution by our former general partner and the units were satisfied by units owned by our former general partner, and

- a $0.5 million cumulative effect gain as a result of the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133").

2000

- a $28.1 million gain on the sale of crude oil linefill;
- a $20.1 million gain on the sale of the segment of the All American Pipeline that extends from Emidio, California, to McCamey, Texas;
- $9.7 million of previously deferred gains on interest rate swap terminations recognized due to the early extinguishment of debt;
- an extraordinary loss of $15.1 million related to the early extinguishment of debt;
- $6.6 million charge for litigation related to the unauthorized trading losses;
- amortization of $4.6 million of debt issue costs associated with facilities put in place during the fourth quarter of 1999, and
- $2.3 million of noncash compensation expense.

Excluding the items noted above, we would have reported net income of $40.8 million and $41.4 million for the nine months ended September 30, 2001 and 2000, respectively.

The following table sets forth our operating results for the periods indicated and includes the impact of the items discussed above (in thousands):

	NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000
OPERATING RESULTS:		
Revenues	$5,298,051	$5,040,204
Gross margin:		
Pipeline	$ 48,247	$ 37,802
Gathering and marketing and terminalling and storage	60,516	64,084
Unauthorized trading losses	-	(6,600)
Total	108,763	95,286
General and administrative expense	(34,327)	(26,486)
Gross profit	$ 74,436	$ 68,800
Net income	$ 35,243	$ 70,732

Table continued on following page

	NINE MONTHS ENDED SEPTEMBER 30, 2001	2000
AVERAGE DAILY VOLUMES (MBBLS/DAY):		
Pipeline Activities:		
All American		
Tariff activities	68	74
Margin activities	58	57
Canada (a)	217	-
Other	128	106
Total	471	237
Lease gathering (a)	359	259
Bulk purchases	49	28
Total	408	287
Terminal throughput	103	64
Storage leased to third parties, monthly average volumes	2,337	1,489

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a) Reflects the calculation of barrels per day applicable to our Canadian acquisitions as of the effective dates of those transactions.

Revenues. Revenues increased to $5.3 billion from $5.0 billion in the first nine months of 2000. The increase is primarily due to our Canadian acquisitions, which was partially offset by lower crude oil prices.

Cost of Sales and Operations. Cost of sales and operations increased to $5.2 billion from $4.9 billion in the first nine months of 2000. The increase is primarily due to the reasons discussed above under "Revenues".

General and Administrative. General and administrative expenses were $34.3 million for the nine months ended September 30, 2001, compared to $26.5 million for the same period in 2000. The increase in 2001 is primarily due to the Canadian acquisitions and a $6.1 million charge attributable to the vesting of phantom partnership units in the second quarter as a result of the change in our general partner in June, 2001. Approximately $5.7 million of the charge was noncash and was satisfied by units owned by our former general partner. This portion of the charge had no impact on partners' capital or the number of outstanding units as it was offset by a deemed capital contribution by our former general partner. Approximately $2.3 million of similar charges were reported in the nine month period of 2000.

Depreciation and Amortization. Depreciation and amortization expense was $17.6 million for the nine months ended September 30, 2001, compared to $20.1 million for the first nine months of 2000. The decrease is primarily due to the increased amortization of debt issue costs in the 2000 period associated with facilities put in place during the fourth quarter of 1999 as a result of the unauthorized trading losses. Approximately $3.8 million of depreciation and amortization in the current year period is attributable to our Canadian acquisitions.

Interest expense. Interest expense was $22.5 million for the nine months ended September 30, 2001, compared to $21.8 million for the same period in 2000. The increase is primarily due to a higher average debt balance in 2001 resulting from our acquisitions.

Unauthorized trading losses. In the third quarter of 2000, we recognized a $6.6 million charge, in addition to prior accruals, for litigation expenses related to the unauthorized trading losses.

Gain on sale of linefill. We initiated the sale of 5.2 million barrels of crude oil linefill from the All American Pipeline in November 1999. The sale was completed in March 2000. We recognized a gain of $28.1 million in connection with the sale of the linefill in the first quarter of 2000.

Gain on sale of pipeline segment. On March 24, 2000, we completed the sale of the segment of the All American Pipeline that extends from Emidio, California to McCamey, Texas to a unit of El Paso Energy Corporation for proceeds of approximately $124.0 million, which are net of associated transaction costs and estimated costs to remove certain equipment. We recognized a total gain of $20.1 million in connection with the sale in the first quarter of 2000.

Early extinguishment of debt. During the nine months ended September 30, 2000, we recognized extraordinary losses, consisting primarily of unamortized debt issue costs, totaling $15.1 million related to the permanent reduction of the All American Pipeline, L.P. term loan facility and the refinancing of our credit facilities. In addition, interest and other income for the nine months ended September 30, 2000, includes $9.7 million of previously deferred gains from terminated interest rate swaps as a result of the debt extinguishments.

Cumulative effect of accounting change. During the first quarter of 2001, we recognized a $0.5 million cumulative effect gain as a result of the adoption of SFAS 133 effective January 1, 2001.

Segment Results

Pipeline Operations. Gross margin from pipeline operations was $48.2 million for the nine months ended September 30, 2001 compared to $37.8 million for the prior year period. The majority of the increase is attributable to our recently acquired Canadian operations.

Average daily pipeline volumes totaled 471,000 barrels per day and 237,000 barrels per day for the first nine months of 2001 and 2000, respectively. Our Canadian acquisitions contributed 217,000 barrels per day of the increase. Canadian volumes are included from the effective date of the acquisition, which was April 1, 2001. All American's tariff volumes attributable to offshore California production were approximately 68,000 barrels per day for the nine months ended September 30, 2001 compared to 74,000 barrels per day in the prior year period, with the associated revenues remaining relatively flat due to the tariff increase that was effective January 1, 2001. Tariff volumes shipped on the Scurlock and West Texas gathering systems averaged 127,000 barrels per day and 106,000 barrels per day during the first nine months of 2001 and 2000, respectively.

Gathering and Marketing Activities and Terminalling and Storage Activities. Gross margin from gathering, marketing, terminalling and storage activities was approximately $60.5 million for the nine months ended September 30, 2001 compared to $64.1 million (excluding the unauthorized trading losses) in the prior year period. Despite an increase in margin due to our Canadian operations, total margin decreased due to adverse market conditions and higher operating costs, including increased fuel and power costs.

Lease gathering volumes increased from an average of 259,000 barrels per day for the first nine months of 2000 to approximately 359,000 barrels per day for the 2001 period due to our Canadian acquisitions, which contributed approximately 75,000 barrels per day. Canadian volumes are included from the effective dates of the Murphy and Canpet acquisitions. Bulk purchase volumes increased from approximately 28,000 barrels per day for the first nine months of 2000 to approximately 49,000 barrels per day in the current year period, also due to the Canadian acquisitions. Terminal throughput, which includes both our Cushing and Ingleside terminals, was 103,000 and 64,000 barrels per day for the nine months ended September 30, 2001 and 2000, respectively. Storage leased to third parties was 2.3 million barrels per month and 1.5 million barrels per month for the same periods, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Credit Agreements

In September 2001, we amended and expanded our existing credit facilities to include a six-year, $200 million term B loan. In connection with the amendment, we reduced the revolving portion of the facilities by $50 million. Our credit facilities currently consist of a $200 million senior secured letter of credit and borrowing facility, and a $780.0 million senior secured revolving credit and term loan facility, each of which is secured by substantially all of our assets. The revolving credit and term loan facility consists of a $450.0 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 $100.0 million term loan, and a $200.0 million term B loan. The facility matures, as to the aggregate $480.0 million domestic and Canadian revolver portions, in April, 2005, as to the $100.0 million term portion, in May, 2006 and as to the $200.0 million term B loan in September 2007. For a complete discussion of our credit facilities, see Note 6 to the Consolidated Financial Statements.

Equity Offerings

On October 31, 2001, we completed a public offering of 4,500,000 common units. Net cash proceeds from the offering, including our general partner's proportionate contribution, were approximately $116 million. On November 13, 2001, the underwriters in the offering exercised their overallotment option and purchased an additional 400,000 units for net cash proceeds of approximately $10.8 million. This offering is in addition to the 3,966,700 units issued in May and June 2001 which resulted in net proceeds of $100.7 million, including our general partner's proportionate contribution. Proceeds from both offerings were used to repay borrowings under our revolving credit facility, a portion of which was used to finance our Canadian acquisitions (see Note 5 to the Consolidated Financial Statements).

Liquidity

Cash generated from operations, credit facilities, and equity offerings are our primary sources of liquidity. At September 30, 2001, we had working capital of approximately $62.0 million. On November 7, 2001, PAA had approximately $350 million outstanding under its $780 million of credit facilities (excluding the letter of credit and borrowing facility). Accordingly, our liquidity under our credit facilities is $430 million, subject to covenants contained in the agreement.

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.

Cash Flows

(IN MILLIONS) (UNAUDITED)	NINE MONTHS ENDED SEPTEMBER 30, 2001	2000
Cash provided by (used in):		
Operating activities	$ 5.5	$ (7.5)
Investing activities	(221.3)	216.4
Financing activities	216.2	(259.4)

Operating Activities. Net cash provided by operating activities for the first nine months of 2001 includes the effect of our normal operations, Canadian acquisitions and Contango inventory transactions.

Investing Activities. Net cash used for investing activities for the first nine months of 2001 included approximately $209 million for the Canadian acquisitions which occurred in the second and third quarters.

Financing activities. Net cash provided by financing activities for the first nine months of 2001 resulted from our credit facilities that were used to finance the Murphy and Canpet acquisitions and the issuance of additional units which raised approximately $100.7 million of equity capital. Proceeds from the equity offering were used to repay indebtedness under the credit facilities.

Contingencies

Following our announcement in November 1999 of our losses resulting from unauthorized trading by a former employee, numerous class action lawsuits were filed in the United States District Court of the Southern District of Texas against us, certain of the officers and directors of Plains All American Inc. (our general partner at the time) and in some of these cases, our former general partner and Plains Resources Inc., alleging violations of the federal securities laws. In addition, derivative lawsuits were filed in the Delaware Chancery Court and the United States District Court of the Southern District of Texas against our former general partner, its directors and certain of its officers alleging the defendants breached the fiduciary duties owed to us and our unitholders by failing to monitor properly the activities of our traders. The class actions and the Delaware derivative suits have been settled, subject to court approval. See Part II, Item 1 - "Legal Proceedings".

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

ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141 requires all business combinations initiated after June 30, 2001 (including the Canpet acquisition, see Note 5), to be accounted for under the purchase method. For all business combinations for which the date of acquisition is after June 30, 2001, this Standard also establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain, rather than deferred and amortized. SFAS 142 changes the accounting for goodwill and other intangible assets after an acquisition. The most significant changes made by SFAS 142 are: 1) goodwill and intangible assets with indefinite lives will no longer be amortized; 2) goodwill and intangible assets with indefinite lives must be tested for impairment at least annually; and 3) the amortization period for intangible assets with finite lives will no longer be limited to forty years. We believe that the adoption of this Standard will not have a material effect on either our financial position, results of operations, or cash flows.

We will account for all future business combinations under SFAS 141. Effective January 1, 2002, we will adopt SFAS 142, as required. At that time, amortization will cease on the unamortized portion of the goodwill arising from the Scurlock acquisition.

In June 2001, the FASB also issued SFAS 143 "Asset Retirement Obligations". SFAS 143 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including (1) the timing 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. At this time, we cannot reasonably estimate the effect of the adoption of this statement on either our financial position, results of operations, or cash flows.

In August 2001, the FASB approved SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets". SAFS 144 establishes a single accounting model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. At this time, we cannot reasonably estimate the effect of the adoption of this Statement on either our financial position, results of operations, or cash flows. We will adopt the Statement effective January 1, 2002.

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 of our management for future operations. These statements reflect our current views and those of our general partner with respect to future events, based on what we believe are reasonable assumptions. These statements, however, are subject to certain risks, uncertainties and assumptions, including, but not limited to:

- the availability of adequate supplies of and demand for crude oil in the areas in which we operate;
- the impact of crude oil price fluctuations;
- successful third-party drilling efforts and completion of announced oil-sands project;
- the effects of competition;
- the success of our risk management activities;
- the availability of favorable acquisition or combination opportunities;
- successful integration and future performance of recently acquired assets;
- our ability to receive credit on satisfactory terms;
- unanticipated shortages or cost increases of power supplies, materials or labor;
- the impact of current and future laws and governmental regulations and rate-setting;
- weather interference with business operations or project construction;
- environmental liabilities not covered by indemnity or insurance, and
- general economic, market or business conditions.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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

On January 1, 2001, we adopted SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS 137 and SFAS 138. Under SFAS 133, all derivative instruments are recorded on the balance sheet at fair value. If the derivative does not qualify as a hedge or is not designated as a hedge, the gain or loss on the derivative is recognized currently in earnings. To qualify for hedge accounting, the derivative must qualify either as a fair value hedge, cash flow hedge or foreign currency hedge. With respect to fair value hedges, gains or losses for both the hedge and the hedged item are taken directly to earnings in the current period. Thus, earnings are impacted by the net change between the hedge and the underlying hedged transaction. With respect to cash flow hedges, gains or losses are deferred in accumulated Other Comprehensive Income ("OCI"), a component of Partners' Capital, to the extent the hedge is effective (discussed further below). Foreign currency hedges may be treated as either fair value hedges or cash flow hedges, depending on the specific characteristics of the hedge. As of September 30, 2001 our hedges consisted only of cash flow hedges or foreign currency hedges treated as cash flow hedges, and the remaining discussion relates exclusively to these types of hedges.

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

At September 30, 2001, an $11.1 million unrealized loss was recorded to OCI together with related assets and liabilities of $7.3 million and $17.7 million, respectively. Earnings included a noncash gain of $0.8 million related to the ineffective portion of our cash flow hedges as well as certain derivative contracts that did not qualify as hedges relating to our Canadian businesses due to a low correlation between the futures contract and hedged item. Our hedge-related assets and liabilities are included in other current assets and other current liabilities in the balance sheet.

As of September 30, 2001, the total amount of deferred net losses on derivative instruments recorded in OCI are expected to be reclassified to earnings during the next twelve-month period. The following table sets forth our open crude oil hedge positions at September 30, 2001. These are futures hedges and thus have offsetting physical exposures to the extent they are effective.

	2001	2002		
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
Volume (bbls)				
Short position	1,302,000	-	-	-
Long position	-	2,760,000	213,000	-
Average price ($/bbl)	$26.94	$27.37	$28.46	-

At September 30, 2001, we had arrangements to protect interest rate fluctuations on a portion of our outstanding debt for an aggregate notional amount of $275.0 million. These instruments are based on LIBOR rates. Approximately $125 million notional amount is comprised of an interest rate collar, which provides for a floor of 6.1% and a ceiling of 8.0% with an expiration date of August 2002. The remaining $150 million notional amount consists of interest rate swaps with an average LIBOR rate of approximately 3.8%. These swaps expire with respect to $100 million in September, 2003, and the remainder in March, 2004.

We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking the hedge. Hedge effectiveness is measured on a quarterly basis. This process includes specific identification of the hedging instrument and the hedge 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. No amounts were excluded from the computation of hedge effectiveness.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Texas Securities Litigation. On November 29, 1999, a class action lawsuit was filed in the United States District Court for the Southern District of Texas entitled Di Giacomo v. Plains All American Pipeline, L.P., et al. The suit alleged that Plains All American and certain of the officers and directors of Plains All American Inc. (our general partner at the time) violated federal securities laws, primarily in connection with unauthorized trading by a former employee. An additional nineteen cases were filed in the Southern District of Texas, some of which name Plains All American Inc. and Plains Resources as additional defendants. All of the federal securities claims have been consolidated into two actions. The first consolidated action is that filed by purchasers of Plains Resources' common stock and options, and is captioned Koplovitz v. Plains Resources Inc., et al. The second consolidated action is that filed by purchasers of our common units, and is captioned Di Giacomo v. Plains All American Pipeline, L.P., et al. Plaintiffs alleged that the defendants were liable for securities fraud violations under Rule 10b-5 and Section 20(a) of the Securities Exchange Act of 1934 and for making false registration statements under Sections 11 and 15 of the Securities Act of 1933.

We and Plains Resources reached an agreement with representatives for the plaintiffs for the settlement of all of the class actions, and in January 2001, we deposited approximately $30.0 million under the terms of the settlement agreement into an escrow account on behalf of the class. The total cost of the settlement to us and Plains Resources, including interest and expenses and after insurance reimbursements, was $14.9 million. Of that amount, $1.0 million was allocated to Plains Resources by agreement between special independent committees of the board of directors of Plains All American Inc. and the board of directors of Plains Resources. The settlement is subject to final approval by the court. The settlement agreement does not affect the Texas Derivative Litigation and Delaware Derivative Litigation described below.

Delaware Derivative Litigation. On December 3, 1999, two derivative lawsuits were filed in the Delaware Chancery Court, New Castle County, entitled Susser v. Plains All American Inc., et al and Senderowitz v. Plains All American Inc., et al. These suits, and three others which were filed in Delaware subsequently, named Plains All American Inc., its directors and certain of its officers as defendants, and allege that the defendants breached the fiduciary duties that they owed to Plains All American Pipeline, L.P. and its unitholders by failing to monitor properly the activities of its employees. The court has consolidated all of the cases under the caption In Re Plains All American Inc. Shareholders Litigation, and has designated the complaint filed in Susser v. Plains All American Inc. as the complaint in the consolidated action. A motion to dismiss was filed on behalf of the defendants on August 11, 2000.

The plaintiffs in the Delaware derivative litigation seek that the defendants:

- account for all losses and damages allegedly sustained by Plains All American from the unauthorized trading losses;
- establish and maintain effective internal controls ensuring that our affiliates and persons responsible for our affairs do not engage in wrongful practices detrimental to Plains All American;
- pay for the plaintiffs' costs and expenses in the litigation, including reasonable attorneys' fees, accountants' fees and experts' fees; and
- provide the plaintiffs any additional relief as may be just and proper under the circumstances.

We have reached an agreement in principle with the plaintiffs, subject to approval by the Delaware court, to settle the Delaware litigation for approximately $1.1 million.

Texas Derivative Litigation. On July 11, 2000, a derivative lawsuit was filed in the United States District Court of the Southern District of Texas entitled Fernandes v. Plains All American Inc., et al, naming Plains All American Inc., its directors and certain of its officers as defendants. This lawsuit contains the same claims and seeks the same relief as the Delaware derivative litigation, described above. A motion to dismiss was filed on behalf of the defendants on August 14, 2000.

We intend to vigorously defend the claims made in the Texas derivative litigation. We believe that Delaware court approval of the settlement of the Delaware derivative litigation will effectively preclude prosecution of the Texas derivative litigation. However, there can be no assurance that we will be successful in our defense or that this lawsuit will not have a material adverse effect on our financial position or results of operation.

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

ITEMS 2, 3, 4 & 5 ARE NOT APPLICABLE AND HAVE BEEN OMITTED.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

10.1 - Third Amendment to Amended and Restated Credit Agreement (Revolving Credit Facility) dated as of the 6th day of September, 2001, among Plains Marketing, L.P., All American Pipeline, L.P. and Plains All American Pipeline, L.P. and Fleet National Bank and certain other lenders.

10.2 - Third Amendment to Amended and Restated Credit Agreement (Letter of Credit and Hedged Inventory Facility) dated as of the 6th day of September, 2001, among Plains Marketing, L.P., All American Pipeline, L.P. and Plains All American Pipeline, L.P. and Fleet National Bank and certain other lenders.

10.3 - Amended and Restated Employment Agreement made as of the 30th day of June, 2001, between Plains All American GP LLC and Greg L Armstrong.

10.4 - Amended and Restated Employment Agreement made as of the 30th day of June, 2001, between Plains All American GP LLC and Harry N Pefanis.

B. Reports on Form 8-K

A Current Report on Form 8-K was filed on October 26, 2001 in connection with the execution of an underwriting agreement with Salomon Smith Barney Inc., in connection with the sale by the Partnership of 4,500,000 common units of the Partnership.

A Current Report on Form 8-K/A was filed on October 25, 2001 amending the Partnership's Form 8-K dated June 22, 2001 in connection with the pro forma financial statements for the Partnership.

A Current Report on Form 8-K was filed on October 23, 2001 in connection with the announcement of a $0.0125 per unit increase over the previous quarter's distribution.

A Current Report on Form 8-K was filed September 27, 2001, in connection with a new six-year $200 Million Term Loan.

A Current Report on Form 8-K was filed on August 27, 2001, relating to the amendments to the Partnership's and the operating limited partnership's partnership agreements and the restated financial statements of the Partnership and balance sheet for Plains AAP, L.P.

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 14, 2001

By: /s/ PHILLIP D. KRAMER

Phillip D. Kramer, Executive
Vice President and Chief Financial
Officer

EXHIBIT 10.1

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement"), made as of the 30th day of June, 2001 (the "Effective Date"), between Plains All American GP LLC, a Delaware limited liability company (the "Company"), and Greg L. Armstrong ("Employee").

W I T N E S S E T H:

WHEREAS, Plains Resources Inc. ("Plains Resources") and the Employee entered into that certain Employment Agreement dated as of March 1, 1993 (as amended by Board resolutions dated May 23, 1996, the "Original Agreement");

WHEREAS, on May 8, 2001, Plains All American Inc. assumed all obligations under the Original Agreement;

WHEREAS, the Company desires to assume all obligations under the Original Agreement; and

WHEREAS, the Company and the Employee desire to amend and restate the Original Agreement in accordance with the terms set forth herein.

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein and in the Original Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company hereby agrees to assume all of the obligations under the Original Agreement and the Company and the Employee do hereby agree as follows:

1. Employment and Term of Employment. The Company hereby employs the Employee, and the Employee hereby agrees to serve the Company, on the terms and conditions set forth herein. Subject to the provisions of Sections 7 and 8, the term of this Agreement shall be for an initial period of three years from the date hereof. The term of this Agreement shall automatically be extended by one year on the first anniversary of the Effective Date and again for successive one-year periods on each anniversary of the Effective Date thereafter; provided; that the Employee has not received (during the period not more than 90 days prior to nor less than 60 days prior to the relevant anniversary date) notice from the Chairman of the Compensation Committee that the Board of Directors has determined not to extend the term hereof (the initial three-year period and any extensions hereunder being hereinafter referred to as the "Term").

2. Position and Duties. The Employee shall serve as the Chairman and Chief Executive Officer of the Company, reporting only to the Board of Directors of the Company, and shall have supervision and control over and responsibility for, the general management and operation of the Company, and shall have such other powers and duties as may from time to time

be prescribed by the Board of Directors, provided that such duties are consistent with the Employee's position. The Employee shall at all times hereunder remain a director of the Company. The Employee shall, during the Term of this Agreement, devote such of his entire working time, attention, energies and business efforts to his duties and responsibilities as Chairman and Chief Executive Officer of the Company as are reasonably necessary to carry out the duties and responsibilities generally appertaining to those offices. The Employee shall not, during the Term of this Agreement, engage in any other material business activity (regardless of whether such business activity is pursued for gain, profit or other pecuniary advantage) without the prior written approval of the Compensation Committee of the Board of Directors of the Company (which approval shall not be unreasonably withheld). Nothing in this Section 2 shall be deemed to restrict the Employee from investing his personal assets as a passive investor in the publicly traded securities of other companies.

3. Place of Performance. Subject to such business travel from time to time as may be reasonably required in the discharge of his duties and responsibilities as Chairman and Chief Executive Officer, the Employee shall perform his obligations hereunder at the Company's principal place of business in Houston, Texas.

4. Compensation.

(a) Base Salary. Subject to the provisions of Section 7 and 8, during the period of Employee's employment hereunder, the Company shall pay Employee an aggregate base salary at an annual rate which shall be determined from time to time by the Board of Directors of the Company or its Compensation Committee. Employee's initial base salary as of the date hereof, shall be $330,000 per annum. Such initial base salary as the same may be increased from time to time as provided herein shall be hereinafter referred to as the "Base Salary". The Base Salary shall be paid in equal installments pursuant to the Company's customary payroll policies in force at the time of payment (but in no event less frequently than semi-monthly), less required payroll deductions. The Base Salary shall be reviewed in January of each year and may be increased as of each January 1st to reflect Employee's performance and contribution, such increases, if any, to be in such amounts as the Board of Directors or any Committee shall determine is reasonable. During the Term of this Agreement, Employee's Base Salary shall not be reduced below its then-current rate unless the Board of Directors of the Company shall implement across-the-board salary reductions for all executive officers of the Company, in which event the Employee's Base Salary shall not, without his consent, be reduced to an amount which is less than the greater of (i) $280,500 or (ii) 85% of the Base Salary in effect immediately prior to such reduction. In addition to Base Salary, the Employee shall be entitled to receive such incentive compensation payments as the Board of Directors or its Compensation Committee may determine.

(b) Expenses. During the Term of his employment hereunder, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him (in accordance with the policies and procedures established by the Company) in performing services hereunder.

(c) Fringe Benefits. The Employee shall be entitled to participate in or receive benefits under any pension plan, profit-sharing plan, savings plan, stock option plan, life insurance, health-and-accident plan or arrangement made available by the Company to its executives and key management employees, subject to and on a basis consistent with the terms, conditions, and overall administration of such plans and arrangements. The Employee shall be entitled to prompt payment or reimbursement by the Company for monthly dues and Company-related charges at such social club or clubs where the Employee is a member and at such additional social clubs as may be approved during the Term of this Agreement by the Compensation Committee of the Board of Directors of the Company. Except for proceeds from key-man life insurance purchased and maintained by the Company for the purpose, among others, of funding its obligations to the Employee or his estate under Section 8, nothing paid to the Employee under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of compensation to the Employee hereunder.

(d) Working Facilities. Company shall furnish Employee with a private office, secretary and such other facilities and services suitable to his position and adequate for the performance of his duties.

(e) Vacations. The Employee shall be entitled to the number of paid vacation days in each calendar year determined by the Company from time to time for its senior executive officers, but not less than 15 business days in any calendar year (prorated in any calendar year during which the Employee is employed hereunder for less than the entire such year in accordance with the number of days in such calendar year during which he is so employed). All such vacation days shall accumulate from calendar year to calendar year during the Term of this Agreement (or any predecessor or successor contracts) in the event that the Employee shall be unable to utilize the full allotment to which he may become entitled in any calendar year. The Employee shall also be entitled to all other paid holidays given by the Company to its senior executive officers.

5. Offices. The Employee agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries, provided, however, that the Employee shall not be required to serve as an officer or director of any subsidiary if such service would expose him to adverse financial consequences.

6. Confidential Information; Unauthorized Disclosure. During the period of his employment hereunder and for the period ending five years following the termination of employment, the Employee shall not, without the written consent of the Board of Directors or a person authorized thereby, disclose to any person, other than an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Employee of his duties as an executive of the Company, any confidential information obtained by him while in the employ of the Company with respect to the Company's business, including but not limited to technology, know-how, processes, maps, geological and

geophysical data, and other proprietary information, the disclosure of which he knows or should know will be damaging to the Company; provided however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by the Employee), any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Company, or any information which the Employee may be required to disclose by any applicable law, order, or judicial or administrative proceeding.

7. Termination.

(a) Death. The Employee's employment hereunder shall terminate upon his death.

(b) Disability. If, as a result of the Employee's incapacity due to physical or mental illness, the Employee shall have been absent from his duties hereunder on a full time basis for twelve consecutive months, and, within 30 days after Notice of Termination is given, shall not have returned to the performance of his duties hereunder on a full-time basis, the Company may terminate the Employee's employment hereunder.

(c) Cause. The Company may terminate the Employee's employment hereunder for Cause. For the purposes of this Agreement, the Company shall have "Cause" to terminate the Employee's employment hereunder only upon (i) the willful engaging by the Employee in gross misconduct, or (ii) the nonappealable conviction of the Employee of a felony involving moral turpitude. For purposes of this paragraph, no act, or failure to act, on the Employee's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his act or omission was in the best interest of the Company or otherwise likely to result in no material injury thereto. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Employee a copy of a resolution, duly adopted by the affirmative vote of the Board of Directors at a meeting duly called and held for the purpose (after reasonable notice to the Employee and an opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that in the good faith opinion of the Board of Directors, the Employee was guilty of conduct set forth above in clause (i) or (ii) and specifying the particulars thereof in detail.

(d) Termination by the Employee. The Employee may terminate his employment hereunder (i) for Good Reason, provided that a Notice of Termination shall have been given by the Employee to the Company within 90 days following the occurrence of the event constituting such Good Reason, (ii) if his health should become impaired to an extent that makes the continued performance of his duties hereunder hazardous to his physical or mental health or his life, or (iii) at any time by giving three months' written notice to the Company of his intention to terminate. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances: (A) any removal of the Employee from, or any failure to re-elect the Employee to, the positions indicated in Section 2 hereof, except in connection with termination of the Employee's employment for Cause, or (B) a reduction in the Employee's rate of Base Salary other than as permitted by Section 4(a), a material reduction in the Employee's fringe benefits, or any other material failure by the Company to comply with Section 4 hereof, or (C) failure of the Company to obtain the express assumption of and the agreement to perform this Agreement by any successor as contemplated in Section 9 hereof, or (D) a Change in Control of the Company. A "Change in Control of the Company" shall conclusively be deemed to have occurred on the date when (i) any person (other than Plains Resources Inc. or its wholly owned subsidiaries), including any partnership, limited partnership, syndicate or other group deemed a "person" for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner, directly or indirectly, of 50% or more of the membership interest in the Company or (ii) the persons who own membership interests in the Company on the date hereof cease to beneficially own, directly or indirectly, more than 50% of the membership interest in the Company.

(e) Notice of Termination. Any termination by the Company pursuant to subsection (b) or (c) above or by the Employee pursuant to subsection (d) above shall be communicated by written Notice of Termination to the other party hereto. For purposes of the Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated.

(f) Date of Termination. The "Date of Termination" shall mean (i) if the Employee's employment is terminated by his death, the date of his death, (ii) if the Employee's employment is terminated pursuant to subsection (b) above, 30 days after Notice of Termination is given (provided that the Employee shall not have returned to the performance of his duties on a full-time basis during such 30-day period), (iii) if the Employee's employment is terminated pursuant to subsection (c) or (d)(iii) above, the date specified in the Notice of Termination, and (iv) if the Employee's employment is terminated for any other reason, the date on which a Notice of Termination is given.

8. Compensation Upon Termination or During Disability.

(a) If the Employee's employment shall be terminated by reason of his death, the Company shall pay to such person as the Employee shall designate in a notice filed with the Company, or, if no such person shall be designated, to his estate as a lump sum death benefit, an amount equal to (i) the sum of (A) the highest annual rate at which his Base Salary hereunder was paid prior to the date of death plus (B) the highest annual bonus paid or payable for any of the three years prior to the date of death, multiplied by (ii) the lesser of (A) two or (B) the number of days remaining in the Term of this Agreement divided by 360. So long as the Employee is employed hereunder, subject to availability at a cost which does not reflect any abnormal health or other risks, the Company shall purchase and maintain insurance on the life of the Employee with death benefits thereunder payable to the Employee's designated beneficiary or estate which are at least equal to the death benefit provided for in the preceding sentence. Such death benefit shall be exclusive of and in addition to any payments the Employee's widow, beneficiaries or estate may be entitled to receive pursuant to any pension or employee benefit plan maintained by the Company for its executive officers generally.

(b) During any period that the Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, the Employee shall continue to receive his full Base Salary at the rate in effect prior to the date of such incapacity until the Date of Termination if the Employee's employment is terminated pursuant to Section 7(b) hereof.

(c) If the Employee's employment shall be terminated for Cause as provided in Section 7(c) hereof, the Company shall pay the Employee his full Base Salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and the Company shall have no further payment obligations to the Employee under this Agreement.

(d) If the Company shall terminate the Employee's employment other than pursuant to Sections 7(a), 7(b) or 7(c) hereof or if the Employee shall terminate his employment pursuant to Section 7(d)(i) or 7(d)(ii) hereof, then

(i) the Company shall pay the Employee his full Base Salary plus any accumulated vacation pay through the Date of Termination at the rate in effect at the time Notice of Termination is given; and

(ii) in lieu of any further payments to the Employee for periods subsequent to the Date of Termination, the Company shall make a severance payment to the Employee not later than the tenth business day following the Date of Termination, in a lump sum amount equal to (A) the sum of (x) the highest annual rate at which his Base Salary hereunder was paid prior to the Date of Termination plus (y) the highest annual bonus paid or payable for any of the three years prior to the Date of Termination, multiplied by (B) the lesser of (x) two or (y) the number of days remaining in the Term of this Agreement divided by 360; provided, however, that if the Employee shall terminate his employment upon a Change in Control of the Company pursuant to clause (D) of Section 7(d)(i), then such lump sum amount shall equal three times the aggregate of (x) the highest annual rate at which the Employee's Base Salary was paid prior to Date of Termination plus (y) the highest amount of any annual bonus paid or payable to the Employee during the three years prior to the Date of Termination.

The Employee shall not be required to mitigate the amount of any payment provided for in this Section 8 by seeking other employment or otherwise.

(e) If the Employee terminates this Agreement pursuant to Section 7(d)(iii) hereof, the Employee shall receive his full Base Salary through the Date of Termination including any accrued vacation days at the rate then in effect and the Company shall have no further payment obligations to the Employee under this Agreement.

(f) Unless the Employee is terminated for Cause or the Employee's employment is terminated pursuant to Section 7(a) or 7(d)(iii) hereof, the Employee shall be entitled to continue to participate, for a period which is the lesser of two years from the Date of Termination or the remaining Term of this Agreement, in such health-and-accident plan or arrangement as is made available by the Company to its executive officers generally. The Employee shall not be entitled to participate in any other employee benefit plan or arrangement of the Company following the Date of Termination except as expressly provided by the terms of any such plan.

(g) The Company will reimburse the Employee for the Federal excise tax, if any, which is due pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended, on the compensation payments (but not this reimbursement payment) described in this Agreement.

9. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Employee to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if he had terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement and all rights of the Employee hereunder shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Employee's devisee, legatee, or other designee or, if there be no such designee, to the Employee's estate.

10. Indemnification. The Company shall, to the fullest extent permitted by law, indemnify and hold harmless the Employee against any loss, liability, claim, damage and expense, including the cost of defense, incurred in the course of the Employee's employment hereunder. The Company's liability hereunder shall be reduced by the amount of insurance proceeds paid to or on behalf of the Employee with respect to an event giving rise to indemnification hereunder. This indemnification shall survive the death or other termination of employment of the Employee and the termination of this Agreement. Any legal fees incurred by the Employee in the enforcement of this or any other provision of this Agreement shall be promptly reimbursed by the Company as the same are incurred.

11. Survival. The provisions of Sections 6, 8, and 10 shall survive the termination of employment of the Employee. In addition, all obligations of the Company to make payments hereunder shall survive any termination of this Agreement.

12. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the parties at their addresses set forth below, or to such other addresses as either party may have furnished to the other in writing in accordance herewith except that notices of change of address shall be effective only upon receipt.

If to the Company:

Plains All American GP LLC
333 Clay Street
Houston, Texas 77002
Attention: General Counsel

If to the Employee:

Greg L. Armstrong
3230 Rustic Villa Dr.
Kingwood, Texas 77345

13. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Texas. Any vote or other action hereunder by the Board of Directors of the Company shall be taken without the participation of the Employee, and such vote or action shall be taken by a majority of the directors, other than the employee, then in office.

14. Entire Agreement. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior oral and written agreements and understandings between the parties with respect to such subject matter and supersedes all subsequent agreements or understandings between the parties with respect to all employee benefit plans and arrangements in effect on the date hereof or hereafter adopted to the extent that such plans or arrangements conflict with the terms of this Agreement.

15. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any provision of this Agreement, which shall remain in full force and effect.

16. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

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

PLAINS ALL AMERICAN GP LLC

By: /s/ Tim Moore

Tim Moore
Title: Vice President

GREG L. ARMSTRONG

/s/ Greg L. Armstrong

Employee

EXHIBIT 10.2

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), made as of the 30/th/ day of June, 2001 (the "Effective Date"), between Plains All American GP LLC, a Delaware limited liability company (the "Company"), and Harry N. Pefanis ("Employee").

W I T N E S S E T H:

WHEREAS, Plains Resources Inc. ("Plains Resources") and the Employee entered into that certain Employment Agreement dated as of November 23, 1998;

WHEREAS, on May 8, 2001, Plains All American Inc. assumed all obligations under the Original Agreement;

WHEREAS, the Company desires to assume all obligations under the Original Agreement; and

WHEREAS, the Company and the Employee desire to amend and restate the Original Agreement in accordance with the terms set forth herein.

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein and in the Original Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company hereby agrees to assume all of the obligations under the Original Agreement and the Company and the Employee do hereby agree as follows:

1. Employment and Term of Employment. The Company hereby employs the Employee, and the Employee hereby agrees to serve the Company, on the terms and conditions set forth herein. Subject to the provisions of Sections 7 and 8, the term of this Agreement shall be for an initial period of three years from the date hereof. The term of this Agreement shall automatically be extended by one year on the first anniversary of the Effective Date and again for successive one-year periods on each anniversary of the Effective Date thereafter; provided, that the Employee has not received (during the period not more than 90 days prior to nor less than 60 days prior to the relevant anniversary date) notice from the Chairman of the Board that the Board of Directors has determined not to extend the term hereof (the initial three-year period and any extensions hereunder being hereinafter referred to as the "Term").

2. Position and Duties. The Employee shall serve as the President and Chief Operating Officer of the Company, shall report to the Chief Executive Officer of the Company, and shall have supervision and control over and responsibility for the overall operations of the Company, with such other powers and duties as may from time to time be prescribed by the Chief Executive Officer of the Company, provided that such duties are consistent with the Employee's position. The Employee shall, during the term of this Agreement, devote such of his entire working time, attention, energies and business efforts to his duties and responsibilities as President and Chief Operating Officer of the Company as are reasonably necessary to carry out the duties and responsibilities generally appertaining to those offices. The Employee shall not, during the term of this Agreement, engage in any other material business activity (regardless of whether such business activity is pursued for gain, profit or other pecuniary advantage) without the prior written approval of the Chief Executive Officer of the Company (which approval shall not be unreasonably withheld). Nothing in this Section 2 shall be deemed to restrict the Employee from investing his personal assets as a passive investor in the publicly traded securities of other companies.

3. Place of Performance. Subject to such business travel from time to time as may be reasonably required in the discharge of his duties and responsibilities as President and Chief Operating Officer, the Employee shall perform his obligations hereunder at the Company's principal place of business in Houston, Texas.

4. Compensation.

(a) Base Salary. Subject to the provisions of Section 7 and 8, during the period of Employee's employment hereunder, the Company shall pay Employee an aggregate base salary at an annual rate which shall be determined from time to time by the Board of Directors of the Company or its Compensation Committee. Employee's initial base salary as of the date hereof, shall be $235,000 per annum. Such initial base salary as the same may be increased from time to time as provided herein shall be hereinafter referred to as the "Base Salary". The Base Salary shall be paid in equal installments pursuant to the Company's customary payroll policies in force at the time of payment (but in no event less frequently than semi-monthly), less required payroll deductions. The Base Salary shall be reviewed in January of each year and may be increased as of each January 1st to reflect Employee's performance and contribution, such increases, if any, to be in such amounts as the Board of Directors or any Committee shall determine is reasonable. During the term of this Agreement, Employee's Base Salary shall not be reduced below its then-current rate unless the Board of Directors of the Company shall implement across-the-board salary reductions for all executive officers of the Company, in which event the Employee's Base Salary shall not, without his consent, be reduced to an amount which is less than the greater of (i) $200,000 or (ii) 85% of the Base Salary in effect immediately prior to such reduction. In addition to Base Salary, the Employee shall be entitled to receive such incentive compensation payments as the Board of Directors or its Compensation Committee may determine, including an annual bonus.

(b) Expenses. During the term of his employment hereunder, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him (in accordance with the policies and procedures established by the Company) in performing services hereunder.

(c) Fringe Benefits. The Employee shall be entitled to participate in or receive benefits under any pension plan, profit-sharing plan, savings plan, stock option plan, life insurance, health-and-accident plan or arrangement made available by the Company to its executives and key management employees, subject to and on a basis consistent with the terms, conditions, and overall administration of such plans and arrangements. The Employee shall be entitled to prompt payment or reimbursement by the Company for monthly dues and Company-related charges at such social club or clubs where the Employee is a member and at such additional social clubs as may be approved during the term of this Agreement by the Chairman of the Board of Directors of the Company. Except for proceeds from key-man life insurance purchased and maintained by the Company for the purpose, among others, of funding its obligations to the Employee or his estate under Section 8, nothing paid to the Employee under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of compensation to the Employee hereunder.

(d) Working Facilities. Company shall furnish Employee with a private office, secretary and such other facilities and services suitable to his position and adequate for the performance of his duties.

(e) Vacations. The Employee shall be entitled to the number of paid vacation days in each calendar year determined by the Company from time to time for its senior executive officers, but not less than 15 business days in any calendar year (prorated in any calendar year during which the Employee is employed hereunder for less than the entire such year in accordance with the number of days in such calendar year during which he is so employed). All such vacation days shall accumulate from calendar year to calendar year during the Term of this Agreement (or any predecessor or successor contracts or arrangements) in the event that the Employee shall be unable to utilize the full allotment to which he may become entitled in any calendar year. The Employee shall also be entitled to all other paid holidays given by the Company to its senior executive officers.

5. Offices. The Employee agrees to serve without additional compensation, if elected or appointed thereto, in one or more offices or as a director of any of the Company's subsidiaries, provided, however, that the Employee shall not be required to serve as an officer or director of any subsidiary if such service would expose him to adverse financial consequences.

6. Confidential Information; Unauthorized Disclosure. During the period of his employment hereunder and for the period ending one year following the termination of

employment, the Employee shall not, without the written consent of the Board of Directors or a person authorized thereby, disclose to any person, other than an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Employee of his duties as an executive of the Company, any confidential information obtained by him while in the employ of the Company with respect to the Company's business, including but not limited to technology, know-how, processes, pipeline terminalling and marketing customers practices, or operations, and other proprietary information, the disclosure of which he knows or should know will be damaging to the Company; provided however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by the Employee), any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Company, or any information which the Employee may be required to disclose by any applicable law, order, or judicial or administrative proceeding.

7. Termination.

(a) Death. The Employee's employment hereunder shall terminate upon his death.

(b) Disability. If, as a result of the Employee's incapacity due to physical or mental illness, the Employee shall have been absent from his duties hereunder on a full time basis for twelve consecutive months, and, within 30 days after Notice of Termination is given, shall not have returned to the performance of his duties hereunder on a full-time basis, the Company may terminate the Employee's employment hereunder.

(c) Cause. The Company may terminate the Employee's employment hereunder for Cause. For the purposes of this Agreement, the Company shall have "Cause" to terminate the Employee's employment hereunder only upon (i) the willful engaging by the Employee in gross misconduct, or (ii) the nonappealable conviction of the Employee of a felony involving moral turpitude. For purposes of this paragraph, no act, or failure to act, on the Employee's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his act or omission was in the best interest of the Company or otherwise likely to result in no material injury thereto. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Employee a copy of a resolution, duly adopted by the affirmative vote of the Board of Directors at a meeting duly called and held for the purpose (after reasonable notice to the Employee and an opportunity for him, together with his counsel, to be heard before the Board of Directors), finding that in the good faith opinion of the Board of Directors, the Employee was guilty of conduct set forth above in clause (i) or (ii) and specifying the particulars thereof in detail.

(d) Termination by the Employee. The Employee may terminate his employment hereunder (i) for Good Reason, provided that a Notice of Termination shall have been given by the Employee to the Company within 90 days following the occurrence of the event constituting such Good Reason, (ii) if his health should become impaired to an extent that makes the continued performance of his duties hereunder hazardous to his physical or mental health or his life, or (iii) at any time by giving three months' written notice to the Company of his intention to terminate. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances: (A) any removal of the Employee from, or any failure to re-elect the Employee to, the positions indicated in Section 2 hereof, except in connection with termination of the Employee's employment for Cause, or (B) a reduction in the Employee's rate of Base Salary other than as permitted by Section 4(a), a material reduction in the Employee's fringe benefits, or any other material failure by the Company to comply with Section 4 hereof, or (C) failure of the Company to obtain the express assumption of and the agreement to perform this Agreement by any successor as contemplated in Section 9 hereof, or (D) a Change in Control of the Company. A "Change in Control of the Company" shall conclusively be deemed to have occurred on the date when (i) any person (other than Plains Resources Inc. or its wholly owned subsidiaries), including any partnership, limited partnership, syndicate or other group deemed a "person" for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner, directly or indirectly, of 50% or more of the membership interest in the Company or (ii) the persons who own membership interests in the Company on the date hereof cease to beneficially own, directly or indirectly, more than 50% of the membership interest in the Company.

(e) Notice of Termination. Any termination by the Company pursuant to subsection (b) or (c) above or by the Employee pursuant to subsection (d) above shall be communicated by written Notice of Termination to the other party hereto. For purposes of the Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated.

(f) Date of Termination. The "Date of Termination" shall mean (i) if the Employee's employment is terminated by his death, the date of his death, (ii) if the Employee's employment is terminated pursuant to subsection (b) above, 30 days after Notice of Termination is given (provided that the Employee shall not have returned to the performance of his duties on a full-time basis during such 30-day period), (iii) if the Employee's employment is terminated pursuant to subsection (c) or (d)(iii) above, the date specified in the Notice of Termination, and (iv) if the Employee's employment is terminated for any other reason, the date on which a Notice of Termination is given.

8. Compensation Upon Termination or During Disability.

(a) If the Employee's employment shall be terminated by reason of his death, the Company shall pay to such person as the Employee shall designate in a notice filed with the Company, or, if no such person shall be designated, to his estate as a lump sum death benefit, an amount equal to (i) the sum of (A) the highest annual rate at which his Base Salary hereunder was paid prior to the date of death plus (B) the highest annual bonus paid or payable for any of the three years prior to the date of death, multiplied by (ii) the lesser of (A) two or (B) the number of days remaining in the Term of this Agreement divided by 360. So long as the Employee is employed hereunder, subject to availability at a cost which does not reflect any abnormal health or other risks, the Company shall purchase and maintain insurance on the life of the Employee with death benefits thereunder payable to the Employee's designated beneficiary or estate which are at least equal to the death benefit provided for in the preceding sentence. Such death benefit shall be exclusive of and in addition to any payments the Employee's widow, beneficiaries or estate may be entitled to receive pursuant to any pension or employee benefit plan maintained by the Company for its executive officers generally.

(b) During any period that the Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness, the Employee shall continue to receive his full Base Salary at the rate in effect prior to the date of such incapacity until the Date of Termination if the Employee's employment is terminated pursuant to Section 7(b) hereof.

(c) If the Employee's employment shall be terminated for Cause as provided in Section 7(c) hereof, the Company shall pay the Employee his full Base Salary through the Date of Termination at the rate in effect at the time Notice of Termination is given and the Company shall have no further payment obligations to the Employee under this Agreement.

(d) If the Company shall terminate the Employee's employment other than pursuant to Sections 7(a), 7(b) or 7(c) hereof or if the Employee shall terminate his employment pursuant to Section 7(d)(i) or 7(d)(ii) hereof, then

(i) the Company shall pay the Employee his full Base Salary plus any accumulated vacation pay through the Date of Termination at the rate in effect at the time Notice of Termination is given; and

(ii) in lieu of any further payments to the Employee for periods subsequent to the Date of Termination, the Company shall make a severance payment to the Employee not later than the tenth business day following the Date of Termination, in a lump sum amount equal to (A) the sum of (x) the highest annual rate at which his Base Salary hereunder was paid prior to the Date of Termination plus (y) the highest annual bonus paid or payable for any of the three years prior to the Date of Termination, multiplied by (B) the lesser of (x) two or (y) the number of days remaining in the Term of this Agreement divided by 360; provided, however, that if the Employee shall terminate his employment upon a Change in Control of the Company pursuant to clause (D) of Section 7(d)(i), then such lump sum amount shall equal three times the aggregate of (x) the highest annual rate at which the Employee's Base Salary was paid prior to Date of Termination plus (y) the highest amount of any annual bonus paid or payable to the Employee during the three years prior to the Date of Termination.

The Employee shall not be required to mitigate the amount of any payment provided for in this Section 8 by seeking other employment or otherwise.

(e) If the Employee terminates this Agreement pursuant to Section 7(d)(iii) hereof, the Employee shall receive his full Base Salary through the Date of Termination including any accrued vacation days at the rate then in effect and the Company shall have no further payment obligations to the Employee under this Agreement.

(f) Unless the Employee is terminated for Cause or the Employee's employment is terminated pursuant to Section 7(a) or 7(d)(iii) hereof, the Employee shall be entitled to continue to participate, for a period which is the lesser of two years from the Date of Termination or the remaining Term of this Agreement, in such health-and-accident plan or arrangement as is made available by the Company to its executive officers generally. The Employee shall not be entitled to participate in any other employee benefit plan or arrangement of the Company following the Date of Termination except as expressly provided by the terms of any such plan.

(g) The Company will reimburse the Employee for the Federal excise tax, if any, which is due pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended, on the compensation payments (but not this reimbursement payment) described in this Agreement.

9. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Employee to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if he had terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement and all rights of the Employee hereunder shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Employee's devisee, legatee, or other designee or, if there be no such designee, to the Employee's estate.

10. Indemnification. The Company shall, to the fullest extent permitted by law, indemnify and hold harmless the Employee against any loss, liability, claim, damage and expense, including the cost of defense, incurred in the course of the Employee's employment hereunder. The Company's liability hereunder shall be reduced by the amount of insurance proceeds paid to or on behalf of the Employee with respect to an event giving rise to indemnification hereunder. This indemnification shall survive the death or other termination of employment of the Employee and the termination of this Agreement. Any legal fees incurred by the Employee in the enforcement of this or any other provision of this Agreement shall be promptly reimbursed by the Company as the same are incurred.

11. Survival. The provisions of Sections 6, 8, and 10 shall survive the termination of employment of the Employee. In addition, all obligations of the Company to make payments hereunder shall survive any termination of this Agreement.

12. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the parties at their addresses set forth below, or to such other addresses as either party may have furnished to the other in writing in accordance herewith except that notices of change of address shall be effective only upon receipt.

If to the Company:

Plains All American GP LLC
333 Clay Street
Houston, Texas 77002
Attention: General Counsel

If to the Employee:

Harry N. Pefanis
4103 University Blvd.
Houston, TX 77005

13. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Texas.

14. Entire Agreement. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior oral and written agreements and understandings between the parties with respect to such subject matter and supersedes all subsequent agreements or understandings between the parties with respect to all employee benefit plans and arrangements in effect on the date hereof or hereafter adopted to the extent that such plans or arrangements conflict with the terms of this Agreement.

15. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any provision of this Agreement, which shall remain in full force and effect.

16. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

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

PLAINS ALL AMERICAN GP LLC

By: /s/ Tim Moore

Name: Tim Moore

Title: Vice President

HARRY N. PEFANIS

/s/ Harry N. Pefanis

Employee

THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT [Revolving Credit Facility]

THIS THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT [Revolving Credit Facility] (this "Amendment") dated as of the 6th day of September, 2001, by and among PLAINS MARKETING, L.P. ("US Borrower"), ALL AMERICAN PIPELINE, L.P. and PLAINS ALL AMERICAN PIPELINE, L.P., as guarantors, FLEET NATIONAL BANK, as Administrative Agent, THE TORONTO-DOMINION BANK, as Canadian Agent, PMC (NOVA SCOTIA) COMPANY ("Term Borrower"), PLAINS MARKETING CANADA, L.P. ("Canadian Revolver Borrower"), and the Lenders party hereto.

W I T N E S S E T H:

WHEREAS, US Borrower, All American, Plains MLP, Administrative Agent, Canadian Agent, Term Borrower, Canadian Revolver Borrower and Lenders entered into that certain Amended and Restated Credit Agreement [Revolving Credit Facility] dated as of May 4, 2001 (as amended, supplemented, or restated to the date hereof, the "Original Agreement") for the purposes and consideration therein expressed, pursuant to which Lenders became obligated to make and made loans to US Borrower, Term Borrower and Canadian Revolver Borrower as therein provided; and

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

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

ARTICLE I. -- Definitions and References

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

(S) 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this (s)(s) 1.2.8

"Amendment" means this Third Amendment to Amended and Restated Credit Agreement [Revolving Credit Facility].

"Amendment Documents" means this Amendment.

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

ARTICLE II. -- Amendments

(S) 2.1. Definitions.

(a) The table set forth in the definition of "Applicable Leverage Level" set forth in Section 1.1 of the Original Agreement is hereby amended in its entirety to read as follows:

Applicable Leverage Level	Leverage Ratio
Level I	greater than or equal to 4.50 to 1.0
Level II	greater than or equal to 4.25 to 1.0 but less than 4.50 to 1.0
Level III	greater than or equal to 4.00 to 1.0 but less than 4.25 to 1.0
Level IV	greater than or equal to 3.50 to 1.0 but less than 4.00 to 1.0
Level V	greater than or equal to 3.00 to 1.0 but less than 3.50 to 1.0
Level VI	greater than or equal to 2.25 to 1.0 but less than 3.00 to 1.0
Level VII	less than 2.25 to 1.0

(b) The following defined terms set forth in Section 1.1 of the Original Agreement are hereby amended in their entirety to read as follows:

"Base Rate Loan" means any US Base Rate Loan, Term Base Rate Loan, Term-B Base Rate Loan, or Canadian Revolver Prime Rate Loan.

"Borrowing" means a borrowing of new Loans of a single Type pursuant to Section 2A.2 or 2B.2 or a Continuation or Conversion of existing Loans into a single Type (and, in the case of LIBOR Loans, with the same Interest Period) pursuant to Section 2A.3, 2B.3, 2C.2, or 2D.2 or the acceptance or purchase by Canadian Revolver Lenders of Bankers' Acceptances issued by Canadian Revolver Borrower under Section 2B.8.

"Commitment" means the sum of (a) the Canadian Revolver Commitment, plus (b) the US Commitment, plus (c) the outstanding principal balance of the Term Notes, plus (d) the outstanding principal balance of the Term-B Notes, in each case as of the time of determination.

"Continue", "Continuation" and "Continued" shall refer to (i) the continuation pursuant to Section 2A.3, 2C.2, or 2D.2 hereof of a LIBOR Loan as a LIBOR Loan from one Interest Period to the next Interest Period and (ii) a rollover of a Banker's Acceptance at maturity.

"Continuation/Conversion Notice" means a written or telephonic request, or a written confirmation, made by a Borrower which meets the requirements of Section 2A.3, 2B.3, 2C.2, or 2D.2.

"Convert, "Conversion" and "Convert" refers to (i) a conversion pursuant to Section 2A.3 of one Type of US Loan into another Type of US Loan, (ii) a conversion pursuant to Section 2B.3 of one Type of Canadian Revolver Advance into another Type of Canadian Revolver Advance, (iii) a conversion pursuant to Section 2C.2 of one Type of Term Loan into another Type of Term Loan, and (iv) a conversion pursuant to Section 2D.2 of one Type of Term-B Loan into another Type of Term-B Loan.

"Default Rate" means, at the time in question, two percent (2%) per annum plus:

(a) the US LIBOR Rate plus (i) the US LIBOR Rate Margin then in effect for each US LIBOR Loan (up to the end of the applicable Interest Period), (ii) the Term LIBOR Rate Margin then in effect for each Term LIBOR Loan (up to the end of the applicable Interest Period), or (iii) the Term-B LIBOR Rate Margin then in effect for each Term-B LIBOR Loan (up to the end of the applicable Interest Period),

(b) the US Base Rate plus (i) the US Base Rate Margin then in effect for each US Base Rate Loan, (ii) the Term Base Rate Margin then in effect for each Term Base Rate Loan, or (iii) the Term-B Base Rate Margin then in effect for each Term-B Base Rate Loan, or

(c) the Canadian Revolver Prime Rate plus the Canadian Revolver Prime Rate Margin for each Canadian Revolver Prime Rate Loan;

provided, however, the Default Rate shall never exceed the Highest Lawful Rate.

"Guarantors" means Plains MLP and all of its Subsidiaries, other than 3794865 Canada Ltd. (including All American but excluding US Borrower with respect to the US Commitment and the Term-B Loan, Term Borrower with respect to the Term Loan, and Canadian Revolver Borrower with respect to the Canadian Obligations) and any other Person who has guaranteed some or all of the Obligations and who has been accepted by Administrative Agent as a Guarantor or any Subsidiary of Plains MLP which now or hereafter executes and delivers a guaranty to Administrative Agent pursuant to Section 6.17.

"Interest Period" means, with respect to each particular LIBOR Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, six or twelve months (if twelve months is available for each Lender) thereafter, as US Borrower, Term Borrower, or Canadian Revolver Borrower may elect in such notice; provided that: (a) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, no Interest Period may be selected for (i) a US Loan that would end after the US Maturity Date, (ii) a Term Loan that would end after the Term Loan Maturity Date, or (iii) a Term-B Loan that would end after the Term-B Loan Maturity Date.

"Lender Commitment" means, with respect to a Lender, the sum of (a) the greater of (i) such Lender's Canadian Revolver Commitment, and (ii) such Lender's portion of the Canadian Facility Usage, plus (b) the greater of (i) such Lender's US Commitment and (ii) such Lender's US Facility Usage, plus (c) the outstanding principal balance of such Lender's Term Note, plus (d) the outstanding principal balance of such Lender's Term-B Note, in each case as of the time of determination.

"Lenders" means, collectively, the US Lenders, the Term Lenders, the Term-B Lenders, and the Canadian Revolver Lenders.

"Loans" means, collectively, the Term Loans, the Canadian Revolver Advances, the US Loans, and the Term-B Loans.

"Notes" means, collectively, the Term Notes, the Term-B Notes, the Canadian Revolver Notes, and the US Notes.

"Percentage Share" means:

(a) with respect to US Loans and US Lenders, the percentage shown as each US Lender's "US Percentage Share" on the Lender Schedule,

(b) with respect to Term Loans and Term Lenders, the percentage shown as each Term Lender's "Term Percentage Share" on the Lender Schedule,

(c) with respect to Term-B Loans and Term-B Lenders, the percentage shown as each Term-B Lender's "Term-B Percentage Share" on the Lender Schedule, and

(d) with respect to Canadian Revolver Advances and Canadian Revolver Lenders, the percentage shown as each Canadian Revolver Lender's "Canadian Revolver Percentage Share" on the Lender Schedule.
"Permitted Investments" means:

(a) Cash Equivalents,

(b) Investments described in the Disclosure Schedule,

(c) Investments by Plains MLP or any of its Subsidiaries in any Wholly Owned Subsidiary of Plains MLP which is a Borrower or a Guarantor,

(d) Investments in publicly traded units of master limited partnerships whose dividends are "qualifying income" as such term is defined in Section 7704 of the Code (provided, the amount of any such Investments under this clause (d) minus any amounts received on such Investments (excluding dividends thereon) shall not at any time exceed the Dollar Equivalent of $5,000,000), and

(e) Permitted Acquisitions.

"Type" means, with respect to any Loans, the characterization of such Loans as US Base Rate Loans, Term Base Rate Loans, Term-B Base Rate Loans, Canadian Revolver Prime Rate Loans, US LIBOR Loans, Term LIBOR Loans, Term-B LIBOR Loans or BAs.

"US Base Rate Loan" means a US Loan which does not bear interest at a rate based upon the US LIBOR Rate.

"US Commitment" means (a) prior to the date on which Term-B Lenders make the Term-B Loans, $500,000,000, and (b) on and after the date on which Term-B Lenders make the Term-B Loans, an amount equal to (i) $500,000,000, minus (ii) twenty-five percent (25%) of the original aggregate amount of such Term-B Loans. Each US Lender's US Commitment shall be the amount set forth on the Lender Schedule.

"US LIBOR Rate" means, as applicable to any US LIBOR Loan, Term LIBOR Loan or Term-B LIBOR Loan within a Borrowing and with respect to the related Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) as determined on the basis of offered rates for deposits in Dollars, for a period of time comparable to such Interest Period which appears on Telerate Page 3750 (or any successor page) as of 11:00 a.m. London time on the day that is two Business Days preceding the first day of such US LIBOR Loan, Term LIBOR Loan or Term-B LIBOR Loan; provided, however, if the rate described above does not appear on the Telerate system on any applicable interest determination date, the US LIBOR Rate shall be the rate (rounded upwards as described above, if necessary) for deposits in dollars for a period substantially equal to such Interest Period on the Reuters Page "LIBOR" (or such other page as may replace the LIBOR Page on that service for the purpose of displaying such rates), as of 11:00 a.m. (London time), on the date that is two Business Days prior to the beginning of such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBOR Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/1000 of 1%). If both the Telerate and Reuters system are unavailable, then the US LIBOR Rate for that date will be determined on the basis of the offered rates for deposits in Dollars for a period of time comparable to such Interest Period which are offered by four major banks in the London interbank market at approximately 11:00 a.m. London time, on the day that is two (2) Business Days preceding the first day of such US LIBOR Loan, Term LIBOR Loan or Term-B LIBOR Loan as selected by Administrative Agent. The principal London office of each of the four major London banks will be requested to provide a quotation of its Dollar deposit offered rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in Dollars to leading European banks for a period of time comparable to such Interest Period offered by major banks in New York City at approximately 11:00 a.m. New York City time, on the day that is two Business Days preceding the first day of such US LIBOR Loan, Term LIBOR Loan or Term-B LIBOR Loan. In the event that Administrative Agent is unable to obtain any such quotation as provided above, it will be deemed that the US LIBOR Rate pursuant to such US LIBOR Loan, Term LIBOR Loan or Term-B LIBOR Loan cannot be determined. In the event that the Board of Governors of the Federal Reserve System shall impose a Reserve Percentage with respect to LIBOR deposits of any Lender, then for any period during which such Reserve Percentage shall apply, the US LIBOR Rate shall be equal to the amount determined above divided by an amount equal to 1 minus the Reserve Percentage. "Reserve Percentage" means the maximum aggregate reserve requirement (including all basic, supplemental, marginal, special, emergency and other reserves) which is imposed on member banks of the Federal Reserve System against "Euro-currency Liabilities" as defined in Regulation D. Without limiting the effect of the foregoing, the Reserve Percentage shall reflect any other reserves required to be maintained by such member banks with respect to (a) any category of liabilities which includes deposits by reference to which the US LIBOR Rate is to be determined, or (b) any category of extensions of credit or other assets which include US LIBOR Loans, Term LIBOR Loans or Term-B LIBOR Loans. The US LIBOR Rate for any US LIBOR Loan, Term LIBOR Loan or Term-B LIBOR Loan shall change whenever the Reserve Percentage changes.

"US Obligations" means all Liabilities from time to time owing by any Restricted Person to any Lender Party under or pursuant to any of the US Notes, including all US LC Obligations owing thereunder, the Term Notes, or the Term-B Notes, or under or pursuant to any guaranty of the obligations of US Borrower or Term Borrower under the Loan Documents, or under or pursuant to any Security Document which secures the payment and performance of such Liabilities. "US Obligation" means any part of the US Obligations.

(c) The following definitions are hereby added to Section 1.1 of the Original Agreement in appropriate alphabetical order:

"Term-B Base Rate Loan" means a Term-B Loan which does not bear interest at a rate based upon the US LIBOR Rate.

"Term-B Base Rate Margin" means, on any day, the percent per annum set forth on the Pricing Grid as the "Term-B Base Rate Margin" based on the Applicable Leverage Level in effect on such date. Changes in the applicable Term-B Base Rate Margin will occur automatically without prior notice as changes in the Applicable Leverage Level occur. Administrative Agent will give notice promptly to US Borrower and Term-B Lenders of changes in the Term-B Base Rate Margin.

"Term-B Lenders" means each signatory hereto designated as a Term-B Lender, and the successors and each permitted assign of each such party as holder of a Term-B Note.

"Term-B LIBOR Loan" means a Term-B Loan that bears interest at a rate based upon the US LIBOR Rate.

"Term-B LIBOR Rate Margin" means, on any day, the percent per annum set forth on the Pricing Grid as the "Term-B LIBOR Rate Margin" based on the Applicable Leverage Level in effect on such date. Changes in the applicable Term-B LIBOR Rate Margin will occur automatically without prior notice as changes in the Applicable Leverage Level occur. Administrative Agent will give notice promptly to US Borrower and Term-B Lenders of changes in the Term-B LIBOR Rate Margin.

"Term-B Loan" has the meaning given such term in Section 2D.1 hereof.

"Term-B Loan Maturity Date" means September 21, 2007.

"Term-B Notes" has the meaning given such term in Section 2D.1 hereof.

(S) 2.2. Article IID. The Original Agreement is hereby amended by adding thereto the following Article IID:

ARTICLE IID - Term-B Loans

Section 2D.1. Term-B Loans. Subject to the terms and conditions hereof, each Term-B Lender agrees to make one (1) advance to US Borrower (herein called such Lender's "Term-B Loan") upon US Borrower's request on or before September 30, 2001, provided that (a) such Term-B Loan by each Term-B Lender does not exceed such Term-B Lender's Term-B Loan amount set forth on the Lender Schedule and (b) the aggregate amount of all Term-B Loans does not exceed $250,000,000. Portions of each Term-B Lender's Term-B Loan may from time to time be designated as a Term-B Base Rate Loan or Term-B LIBOR Loan as provided herein. The obligation of US Borrower to repay to each Term-B Lender the amount of the Term-B Loan made by such Term-B Lender to US Borrower, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Term-B Lender's "Term-B Note") made by US Borrower payable to the order of such Term-B Lender in the form of Exhibit A-4 with appropriate insertions. The amount of principal owing on any Term-B Lender's Term-B Note at any given time shall be the amount of such Term-B Lender's Term-B Loan minus all payments of principal theretofore received by such Term-B Lender on such Term-B Note. Interest on each Term-B Note shall accrue and be due and payable as provided herein and therein. Each Term-B Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Term-B Loan Maturity Date. No portion of any Term-B Loan which has been repaid may be reborrowed. US Borrower may have no more than three Borrowings of Term-B LIBOR Loans outstanding at any time. All payments of principal and interest on the Term-B Loans shall be made in Dollars. All Term-B Loans shall be advanced to US Borrower in Dollars.

Section 2D.2. Continuations and Conversions of Existing Term-B Loans. US Borrower may make the following elections with respect to outstanding Term-B Loans (1) to Convert, in whole or part, any Type of Term-B Loan to any other Type of Term-B Loan, provided that any such Conversion of any Term-B LIBOR Loan must be made on the last day of the Interest Period applicable thereto; and (2) to Continue, in whole or in part, Term-B LIBOR Loans beyond the expiration of such Interest Period by designating a new Interest Period to take effect at the time of such expiration. In making such elections, US Borrower may combine existing Term-B Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Term-B Loans made pursuant to one Borrowing into separate new Borrowings, provided that US Borrower may have no more than three Borrowings of Term-B LIBOR Loans outstanding at any time. To make any such election, US Borrower must give to Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing Term-B Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing Term-B Loans which are to be Continued or Converted;

(b) specify (i) the aggregate amount of any Borrowing of Term-B Base Rate Loans into which such existing Term-B Loans are to be Continued or Converted and the date on which such Continuation or Conversion is to occur, or (ii) the aggregate amount of any Borrowing of Term-B LIBOR Loans into which such existing Term-B Loans are to be Continued or Converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Interest Period which is to apply to such Term-B LIBOR Loans), and the length of the applicable Interest Period; and

(c) be received by Administrative Agent not later than 11:00 a.m., Boston, Massachusetts time, on (i) the day on which any such Continuation or Conversion to Term-B Base Rate Loans is to occur, or (ii) the third Business Day preceding the day on which any such Continuation or Conversion to Term-B LIBOR Loans is to occur.

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C-4, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, Administrative Agent shall give each Term-B Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on US Borrower. During the continuance of any Default, US Borrower may not make any election to Convert existing Term-B Loans into LIBOR Loans or Continue existing LIBOR Loans made under this Agreement as LIBOR Loans beyond the last day of the respective and corresponding Interest Period. If (due to the existence of a Default or for any other reason) US Borrower fails to timely and properly give any Continuation/Conversion Notice with respect to a Borrowing of existing LIBOR Loans at least three days prior to the end of the Interest Period applicable thereto, such LIBOR Loans (to the extent not prepaid at the end of such Interest Period) shall automatically be Converted into Term-B Base Rate Loans at the end of such Interest Period. No new funds shall be repaid by US Borrower or advanced by any Term-B Lender in connection with any Continuation or Conversion of existing Term-B Loans pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in terms of already outstanding Term-B Loans and the interest rate applicable thereto.

Section 2D.3. Repayments.

(a) Scheduled Repayments of Principal. US Borrower shall repay the principal of the Term-B Loans as follows: (i) a principal payment in an amount equal to one percent of the original principal amount of the Term-B Loans shall be due and payable on September 21 of each year, commencing September 21, 2002, and (ii) the outstanding principal balance shall be due on the Term-B Loan Maturity Date.

(b) Interest Rates. Each Term-B Loan shall bear interest as follows: (i) unless the Default Rate shall apply, (A) each Term-B Base Rate Loan shall bear interest on each day outstanding at the US Base Rate plus the Term-B Base Rate Margin in effect on such day, and (B) each Term-B LIBOR Loan shall bear interest on each day during the related Interest Period at the related US LIBOR Rate plus the Term-B LIBOR Rate Margin in effect on such day, and (ii) during a Default Rate Period, all Term-B Loans shall bear interest on each day outstanding at the applicable Default Rate. If an Event of Default based upon Section 8.1(a), Section 8.1(b) or, with respect to US Borrower, based upon Section 8.1(i)(i), (i)(ii) or (i)(iii) exists and the Term-B Loans are not bearing interest at the Default Rate, the past due principal and past due interest shall bear interest on each day outstanding at the applicable Default Rate. The interest rate shall change whenever the applicable US Base Rate, the US LIBOR Rate, Term-B Base Rate Margin, or the Term-B LIBOR Rate Margin changes. In no event shall the interest rate on any Term-B Loan exceed the Highest Lawful Rate.

(c) Optional Prepayments. US Borrower may, upon three Business Days' notice, as to Term-B LIBOR Loans, or one Business Day's notice, as to Term-B Base Rate Loans, to Administrative Agent (and Administrative Agent will promptly give notice to the other Term-B Lenders) from time to time and without premium or penalty prepay the Term-B Loans, in whole or in part, so long as the aggregate amounts of all partial prepayments of principal on the Term-B Loans equals $5,000,000 or any higher integral multiple of $1,000,000. Each prepayment of principal of a Term-B LIBOR Loan under this subsection shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this subsection shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

Section 2D.4. Use of Proceeds. US Borrower shall use all Term-B Loans to provide working capital for operations and for other general business purposes, including acquisitions and refinancing Obligations, but not to pay distributions to partners of Restricted Persons. In no event shall the funds from any Term-B Loan be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" (as such term is defined in Regulation U promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock. US Borrower represents and warrants that it is not engaged principally, or as one of its important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock.

(S) 2.3. General Payment Procedures. Administrative Agent hereby agrees with each Lender that it shall distribute and apply money pursuant to Section 3.1(b) and (c) and Section 3.9 promptly.

(S) 2.4. Indebtedness. Clause (5) of Section 7.1(g) of the Original Agreement is hereby amended in its entirety to read as follows:

> (5) upon the receipt of net proceeds from the original issuance of such Indebtedness, the US Commitment shall be reduced by an amount (the "Commitment Reduction Amount") equal to (A) forty percent (40%) of the face amount of such Indebtedness, if the aggregate face amount is less than $350,000,000, or (B) fifty percent (50%) of the face amount of such Indebtedness, if the aggregate face amount of such Indebtedness is equal to or greater than $350,000,000; provided, however, such Commitment Reduction Amount shall be reduced by an amount equal to twenty-five percent (25%) of the aggregate original principal amount of the Term-B Loans;

(S) 2.5. Debt to Capital Ratio. Section 7.14 of the Original Agreement is hereby amended in its entirety to read as follows:

> Section 7.14. Debt to Capital Ratio. The ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth will never be greater than:
>
> (i) prior to December 31, 2002, 0.70 to 1.0 at any time; and
>
> (ii) from and after December 31, 2002, 0.65 to 1.0 at any time.

(S) 2.6. Open Position. The reference to "$5,000,000" set forth in Section 7.15(a)(iii) of the Original Agreement is hereby amended to refer instead to "$12,500,000".

(S) 2.7. Assignments and Pledges by Term Lenders and Term-B Lenders. The reference to "Affiliate" in the first sentence of Section 10.(c) is hereby amended to refer instead to "affiliate".

The last sentence of Section 10.5(c)(i) of the Original Agreement is hereby amended in its entirety to read as follows:

> In the case of an assignment by a Term Lender or Term-B Lender of less than all of its respective Term Loan or Term-B Loan, after such assignment is made, the Term Loan Percentage Share of each of the assignee Term Lender and the assignor Term Lender shall equal or exceed 1% or the Term-B Loan Percentage Share of each of the assignee Term-B Lender and the assignee Term-B Lender shall equal or exceed 0.5% (provided that such minimum Term Loan Percentage Share or Term-B Loan Percentage Share shall not be required in connection with any assignment by any Lender to any fund that invests in loans and is managed by such Lender, any affiliate of such Lender, the same fund manager, or any affiliate of the same fund manager).

The proviso set forth in the first sentence of Section 10.5(c)(ii) of the Original Agreement is hereby amended in its entirety to read as follows:

> provided, no such processing fee shall be payable in connection with any assignment of any Term Loan or Term-B Loan (or portion thereof) by a Lender to any fund that invests in loans and is managed by such Lender, any affiliate of such Lender, the same fund manager, or any affiliate of the same fund manager.

Section 10.5(d) of the Original Agreement is hereby amended by adding a new sentence at the end thereof, to read as follows:

> In addition, any Term Lender or Term-B Lender may at any time, without consent of US Borrower, Term Borrower or Administrative Agent, pledge all or any portion of its Term Loan or Term-B Loan, as the case may be, to any trustee or holder (or other representative of such holder) (for purpose of this Section 10.5(d), each such trustee, holder or representative is referred to as a "pledgee") of obligations owed, or debt securities issued by, such Term Lender or Term-B Lender, as security for such obligations or debt securities; provided that (i) the agreement between such Lender and such pledgee at all times provides that such pledge does not give such pledgee any right to vote as a Lender or any other direct claims or rights against any Person other than such pledging Term Lender or Term-B Lender, as applicable, and imposes no obligations on the part of any of US Borrower, Term Borrower or Administrative Agent, (ii) no such pledge (or enforcement thereof) shall release any such pledging Term Lender or Term-B Lender from its obligations under any of the Loan Documents or permit or authorize any Person to become a Lender unless it has complied with Section 10.5(c), and (iii) all related costs, fees and expenses in connection with any such pledge shall be for the sole account of such pledging Term Lender or Term-B Lender.

The reference to "subject to the following additional conditions:" set forth in the first sentence of Section 10.5(g) is amended to refer instead to "subject to the following additional conditions (x), (y) and (z), with respect to assignments pursuant to clause (i) above, and subject to the following additional conditions (y) and (z) with respect to assignments pursuant to clause (ii) above:".

(S) 2.8. Exhibits and Schedules.

(a) The Lender Schedule attached as Schedule 1 to the Original Agreement is hereby replaced in its entirety with Schedule 1 attached hereto.

(b) The Pricing Grid attached as Schedule 5 to the Original Agreement is hereby replaced in its entirety with Schedule 5 attached hereto.

(c) The Original Agreement is hereby amended by adding thereto the form of Term Note and form of Term-B Continuation/Conversion Notice attached as Exhibits A-4 and B-3 attached hereto.

(S) 2.9. US Commitment Reduction. Upon the making of the Term-B Loans, the US Commitment shall be permanently reduced by an amount equal to twenty-five percent (25%) of the original aggregate amount of such Term-B Loans.

ARTICLE III. -- Conditions of Effectiveness

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

(i) Administrative Agent shall have received, at Administrative Agent's office (A) a counterpart of this Amendment executed and delivered by US Borrower, Term Borrower, Canadian Revolver Borrower, Plains MLP, All American and Majority Lenders which are parties to the Original Agreement, and consented to by each Guarantor, (B) a contemporaneous amendment to the Marketing Credit Agreement, amending (I) certain restrictions on the incurrence of Indebtedness by Restricted Persons so as to permit the Term-B Loans, (II) certain financial covenants on the same terms and conditions set forth herein, and (III) various other provisions therein consistent with the amendments set forth herein, in form and substance acceptable to Administrative Agent, executed and delivered by such Persons so as to make such amendment effective;

(ii) (A) In consideration hereof, US Borrower shall have paid to Administrative Agent for the account of each Lender, other than Term-B Lenders, executing and delivering this Amendment an amendment fee in immediately available funds equal to one-twentieth of one percent (0.05%) of each such Lender's Commitment; provided, with respect to any such Lender's US Commitment, such fee shall be based upon the US Commitment as reduced pursuant to Section 2.8 hereof, and (B) US Borrower shall have paid all other fees required to be paid to Administrative Agent or any Lender pursuant to any Loan Documents, including fees and expenses of Thompson & Knight LLP, counsel to Administrative Agent; and

(iii) Administrative Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Administrative Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Administrative Agent:

(A) Officer's Certificate. A certificate of a duly authorized officer of General Partner, to the effect that all of the representations and warranties set forth in Article IV hereof are true and correct at and as of the date thereof, and

(B) Supporting Documents. Such supporting documents as Administrative Agent may reasonably request.

Section 3.2. Term-B Loans; Documents to be Delivered. No Term-B Lender shall have any obligation to make its Term-B Loan, unless Administrative Agent shall have received all of the following, at Administrative Agent's office in Boston, Massachusetts, duly executed and delivered and in form, substance and date satisfactory to Administrative Agent:

(a) This Amendment executed and delivered by Term-B Lenders.

(b) Each Term-B Note.

(c) Amendments to each Mortgage listed on the Security Schedule, and such other amendments to the Security Documents as Administrative Agent may request Restricted Persons to deliver relating thereto.

(d) Certain certificates including:

(i) An "Omnibus Certificate" of the secretary and of the president of General Partner, which shall contain the names and signatures of the officers of General Partner authorized to execute Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: a copy of resolutions duly adopted by the Board of Directors of General Partner and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, a copy of the charter documents of each Restricted Person and all amendments thereto, certified by the appropriate official of such Restricted Person's jurisdiction of organization, and a copy of any bylaws or agreement of limited partnership of each Restricted Person;

(ii) A certificate of the president and of the chief financial officer of the general partner of US Borrower and All American, regarding satisfaction of Section 4.2 of the Credit Agreement and a certificate of the chief financial officer of the general partner of General Partner reflecting pro forma compliance with each event specified in Sections 7.11 through 7.14, inclusive;

(iii) A solvency certificate from each of US Borrower, Term Borrower, and Canadian Revolver Borrower and each Guarantor, with attached pro forma balance sheet for such Person giving effect to the Term-B Loans.

(e) A certificate (or certificates) of the due formation, valid existence and good standing of each Restricted Person in its respective jurisdiction of organization, issued by the appropriate authorities of such jurisdiction, and certificates of each Restricted Person's good standing and due qualification to do business, issued by appropriate officials in any jurisdictions in which such Restricted Person owns property subject to Security Documents.

(f) Documents similar to those specified in subsections (d)(i) and (e) of this section with respect to each Guarantor.

(g) A favorable opinion of Tim Moore, Esq., General Counsel for Restricted Persons, substantially in the form set forth in Exhibit E-1, Fulbright & Jaworski L.L.P., special Texas and New York counsel to Restricted Persons, substantially in the form set forth in Exhibit E-2, Bennett Jones LLP, special Canadian Counsel for Restricted Persons, substantially in the form set forth in Exhibit E-3, and local counsel for the state of California satisfactory to Administrative Agent.

(h) Payment of all commitment, facility, agency and other fees required to be paid to any Lender pursuant to any Loan Documents or any commitment agreement heretofore entered into.

ARTICLE IV. -- Representations and Warranties

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

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

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

(c) The execution and delivery by each Restricted Person of this Amendment and each other Amendment Document, to the extent a party thereto, the performance by each Restricted Person of its respective obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with any provision of any Law or of the organizational documents of any Restricted Person, or of any material agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or result in the creation of any Lien upon any assets or properties of any Restricted Person, except in favor of Administrative Agent or Canadian Agent for the benefit of Lenders and other Permitted Liens. Except for those which have been duly obtained, no consent, approval, authorization or order of any Tribunal or third party is required in connection with the execution and delivery by any Restricted Person of this Amendment or any other Amendment Document, or to consummate the transactions contemplated hereby and thereby.

(d) When duly executed and delivered, each of this Amendment and each other Amendment Document, and each of the Loan Documents, as amended hereby and thereby, will be a legal and binding instrument and agreement of each Restricted Person to the extent a party thereto, enforceable in accordance with its terms, (subject, as to enforcement of remedies, to applicable bankruptcy, insolvency and similar laws applicable to creditors' rights generally).

ARTICLE V. -- Miscellaneous

(S) 5.1. Ratification of Agreements. The Original Agreement, as hereby amended, is hereby ratified and confirmed in all respects. The Loan Documents (including but not limited to each Guaranty), as they may be amended or affected by this Amendment or any other Amendment Document, are hereby ratified and confirmed in all respects by each Restricted Person to the extent a party thereto. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Amendment also. The execution, delivery and effectiveness of this Amendment and the other Amendment Documents shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Administrative Agent, Canadian Agent or any Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

(S) 5.2. Ratification of Security Documents. Restricted Persons, Administrative Agent, and Lenders each acknowledge and agree that any and all indebtedness, liabilities or obligations, including without limitation the Term-B Loans, arising under or in connection with the LC

Obligations or the Notes, including without limitation the Term-B Notes, are Obligations and are secured indebtedness under, are guarantied by, and are secured by, each and every Security Document to which any Restricted Person is a party. Each Restricted Person hereby re-pledges, re-grants and re-assigns a security interest in and lien on every asset of the such Restricted Person described as Collateral in any Security Document and re-guarantees all Obligations under the Credit Agreement.

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

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

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

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

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

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

US BORROWER: PLAINS MARKETING, L.P.

By: Plains Marketing GP Inc., General Partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

GUARANTORS: ALL AMERICAN PIPELINE, L.P.

By: Plains Marketing GP Inc., General Partner

By:/s/ Phil Kramer

Phil Kramer, Exec. Vice President

PLAINS ALL AMERICAN PIPELINE, L.P.

By: Plains AAP, L.P., General Partner

By: Plains All American LLC, General Partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

CANADIAN REVOLVER BORROWER: PLAINS MARKETING CANADA, L.P.,

By: PMC (Nova Scotia) Company, General Partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice Pres.

TERM BORROWER: PMC (NOVA SCOTIA) COMPANY

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice Pres.

LENDER PARTIES:

FLEET NATIONAL BANK,
Administrative Agent, LC Issuer and Lender

By: -------------------------------------
Terrence Ronan, Managing Director

FIRST UNION NATIONAL BANK, Lender

By: -------------------------------------
Robert R. Wetteroff, Sr. Vice Pres.

BANK OF AMERICA, N.A., Lender

By: -------------------------------------
Name:
Title:

BANK ONE, NA (MAIN OFFICE CHICAGO), Lender

By: -------------------------------------
Name:
Title:

FORTIS CAPITAL CORP., Lender

By: -------------------------------------
Name:
Title:

By: -------------------------------------
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, Lender

By: -------------------------------------
Name:
Title:

BANK OF SCOTLAND, Lender

By: -------------------------------------
Name:
Title:

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION, Lender

By:

Name:
Title:

THE BANK OF NOVA SCOTIA, Lender

By:

Name:
Title:

CREDIT AGRICOLE INDOSUEZ, Lender

By:

Name:
Title:

By:

Name:
Title:

TORONTO DOMINION (TEXAS), INC., Lender

By:

Name:
Title:

SOUTHWEST BANK OF TEXAS, N.A., Lender

By:

Name:
Title:

UNION BANK OF CALIFORNIA, N.A., Lender

By:

Name:
Title:

COMERICA BANK-TEXAS, Lender

By:

Name:
Title:

BNP PARIBAS, Lender

By:

Name:
Title:

By:

Name:
Title:

HELLER FINANCIAL, INC., Lender

By:

Name:
Title:

THE TORONTO-DOMINION BANK,
Canadian Administration Agent

By:

Name:
Title:

THE TORONTO-DOMINION BANK, Lender

By:

Name:
Title:

BANK OF AMERICA CANADA, Lender

By:

Name:
Title:

BNP PARIBAS (CANADA), Lender

By:

Name:
Title:

By:

Name:
Title:

HELLER FINANCIAL CANADA, LTD., Lender

By:

Name:
Title:

PILGRIM PRIME RATE TRUST
PILGRIM SENIOR INCOME FUND
ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.
PILGRIM CLO 1999 - 1 LTD.
SEQUILS - PILGRIM I, LTD.
PILGRIM AMERICA HIGH INCOME INVESTMENTS LTD.
ML CLO XII PILGRIM AMERICA (CAYMAN) LTD., each a Lender
By: ING Pilgrim Investments, LLC, as its investment manager

By:

Name:
Title:

MORGAN STANLEY DEAN WITTER PRIME INCOME TRUST, Lender

By:

Name:
Title:

FLAGSHIP CLO-2001-1, Lender
By: Flagship Capital Management, Inc.

By:

Title:

FLAGSHIP CLO II, Lender

By:

Title:

ARCHIMEDES FUNDING IV (CAYMAN), LTD.
NEMEAN CLO, LTD., each a Lender
By: ING Capital Advisors LLC,
as Investment Manager

By:

Title:

ALLSTATE LIFE INSURANCE COMPANY
AIMCO CDO SERIES 2000-A, each a Lender

By:

Name:

By:

Name:
Its Authorized Signatories

TYLER TRADING, INC., Lender

By:

Name:
Title:

FIDELITY ADVISOR SERIES II: FIDELITY
ADVISOR FLOATING RATE HIGH INCOME FUND VARIABLE
INSURANCE PRODUCTS FUND II:
ASSET MANAGER PORTFOLIO, each a Lender

By:

Title:

TRYON CLO LTD. 2000-I
ELC (CAYMAN) LTD. 1999-II
APEX (IDM) CDO I, LTD., each a Lender

By:

Title:

EMERALD ORCHARD LIMITED, Lender

By:

Name:
Title:

TERM-B LENDERS:

FLEET NATIONAL BANK, Term-B Lender

By:

Name:
Title:

KZH ING-1 LLC, Term-B Lender

By:

Name:
Title:

KZH ING-3 LLC, Term-B Lender

By:

Name:
Title:

THE SUMITOMO TRUST & BANKING CO.,
LTD. NEW YORK BRANCH

By:

Name:
Title:

TORONTO DOMINION (TEXAS), INC.

By:

Name:
Title:

KZH CNC LLC, Term-B Lender

By:

Name:
Title:

KZH WATERSIDE LLC, Term-B Lender

By:

Name:
Title:

KZH PONDVIEW LLC, Term-B Lender

By:

Name:
Title:

KZH HIGHLAND-2 LLC, Term-B Lender

By:

      Name:
      Title:

KZH PAMCO LLC, Term-B Lender

By:

      Name:
      Title:

CONSENT AND AGREEMENT

The undersigned hereby consents to the provisions of this Amendment and the transactions contemplated herein and hereby (i) acknowledges and agrees that any and all indebtedness, liabilities or obligations, including without limitation the Term-B Loans, arising under or in connection with the Notes, including without limitation the Term-B Notes, are Obligations and are secured indebtedness under, and are secured by, each and every Security Document to which it is a party, (ii) re-pledges, re-grants and re-assigns a security interest in and lien on all of its assets described as collateral in any Security Document, (iii) ratifies and confirms its Guaranty dated May 4, 2001 made by it for the benefit of Administrative Agent and Lenders, and (iv) expressly acknowledges and agrees that the undersigned guarantees all indebtedness, liabilities and obligations, including without limitation the Term-B Loans, arising under or in connection with any and all Notes, including without limitation the Term-B Notes, pursuant to the terms of such Guaranty, and agrees that its obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

PLAINS MARKETING CANADA LLC

By: Plains Marketing, L.P., its sole member

By: Plains Marketing GP Inc.,
its general partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

EXHIBIT 10.4

THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT
[Letter of Credit and Hedged Inventory Facility]

THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT [Letter of Credit and Hedged Inventory Facility] (this "Amendment") dated as of the 6th day of September, 2001, by and among PLAINS MARKETING, L.P. ("Borrower"), ALL AMERICAN PIPELINE, L.P. and PLAINS ALL AMERICAN PIPELINE, L.P., as guarantors, FLEET NATIONAL BANK, as Administrative Agent, and the Lenders party hereto.

W I T N E S S E T H:

WHEREAS, Borrower, All American, Plains MLP, Administrative Agent and Lenders entered into that certain Amended and Restated Credit Agreement [Letter of Credit and Hedged Inventory Facility] dated as of May 4, 2001 (as amended, supplemented, or restated to the date hereof, the "Original Agreement") for the purposes and consideration therein expressed, pursuant to which Lenders became obligated to make and made loans to Borrower as therein provided; and

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

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

ARTICLE I. -- Definitions and References

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

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

"Amendment" means this Third Amendment to Amended and Restated Credit Agreement [Letter of Credit and Hedged Inventory Facility].

"Amendment Documents" means this Amendment.

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

ARTICLE II. -- Amendments

(S) 2.1. Definitions. The table set forth in the definition of "Applicable Leverage Level" in Section 1.1 of the Original Agreement is hereby amended in its entirety to read as follows:

Applicable Leverage Level	Leverage Ratio
Level I	greater than or equal to 4.50 to 1.0
Level II	greater than or equal to 4.25 to 1.0 but less than 4.50 to 1.0
Level III	greater than or equal to 4.00 to 1.0 but less than 4.25 to 1.0
Level IV	greater than or equal to 3.50 to 1.0 but less than 4.00 to 1.0
Level V	greater than or equal to 3.00 to 1.0 but less than 3.50 to 1.0
Level VI	greater than or equal to 2.25 to 1.0 but less than 3.00 to 1.0
Level VII	less than 2.25 to 1.0

All references to "Level VIII" (and all corresponding data) in the tables set forth in the definitions of "Base Rate Margin", "Commitment Fee Rate", "Letter of Credit Fee Rate" and "LIBOR Rate Margin" in Section 1.1 of the Original Agreement are hereby deleted.

The definition of "Permitted Investments" set forth in Section 1.1 of the Original Agreement is hereby amended in its entirety to read as follows:

"Permitted Investments" means:

(a) Cash Equivalents,

(b) Investments described in the Disclosure Schedule,

(c) Investments by Plains MLP or any of its Subsidiaries in any Wholly Owned Subsidiary of Plains MLP which is either Borrower or a Guarantor,

(d) Investments in publicly traded units of master limited partnerships whose dividends are "qualifying income" as such term is defined in Section 7704 of the Code (provided, the amount of any such Investments under this clause (d) minus any amounts received on such Investments (excluding dividends thereon) shall not at any time exceed the Dollar Equivalent of $5,000,000), and

(e) Permitted Acquisitions.

(S) 2.2. Indebtedness. The reference to "$630,000,000" set forth in Section 7.1(e) of the Original Agreement is hereby amended to refer instead to "$830,000,000", and clause (5) of Section 7.1(g) of the Original Agreement is hereby amended in its entirety to read as follows:

(5) upon the receipt of net proceeds from the original issuance of such Indebtedness, the US Commitment (as defined in the Revolver Agreement) under the Revolver Agreement shall be reduced (as provided in the Revolver Agreement) by an amount equal to (A) forty percent (40%) of the face amount of such Indebtedness, if the aggregate face amount is less than $350,000,000, or (B) fifty percent (50%) of the face amount of such Indebtedness, if the aggregate face amount of such Indebtedness is equal to or greater than $350,000,000; excluding from such reduction amount an amount equal to twenty-five percent (25%) of the aggregate original principal amount of the Term-B Loans (as defined in the Revolver Agreement);

(S) 2.3. Debt to Capital Ratio. Section 7.14 of the Original Agreement is hereby amended in its entirety to read as follows:

Section 7.14. Debt to Capital Ratio. The ratio of (a) all Consolidated Funded Indebtedness to (b) the sum of Consolidated Funded Indebtedness plus Consolidated Net Worth will never be greater than:

(i) prior to December 31, 2002, 0.70 to 1.0 at any time; and

(ii) from and after December 31, 2002, 0.65 to 1.0 at any time."

(S) 2.4. Open Position. The reference to "$5,000,000" set forth in Section 7.15(a)(iii) of the Original Agreement is hereby amended to refer instead to "$12,500,000".

ARTICLE III. -- Conditions of Effectiveness

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

(i) Administrative Agent shall have received, at Administrative Agent's office (A) a counterpart of this Amendment executed and delivered by Borrower, Plains MLP, All American and Majority Lenders, and (B) a contemporaneous amendment to the Revolver Agreement, amending (I) certain financial covenants on the same terms and conditions set forth herein, and (II) various other provisions therein consistent with the amendments set forth herein, in form and substance acceptable to Administrative Agent, executed and delivered by such Persons so as to make such amendment effective,

(ii) in consideration hereof, Borrower shall have paid to Administrative Agent for the account of each Lender executing and delivering this Amendment an amendment fee in immediately available funds equal to one-twentieth of one percent (0.05%) of each such Lender's Percentage Share of the Maximum Facility Amount; and

(iii) Administrative Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Administrative Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Administrative Agent:

(A) Officer's Certificate. A certificate of a duly authorized officer of General Partner, to the effect that all of the representations and warranties set forth in Article IV hereof are true and correct at and as of the date thereof, and

(B) Supporting Documents. Such supporting documents as Administrative Agent may reasonably request.

ARTICLE IV. -- Representations and Warranties

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

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

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

(c) The execution and delivery by each Restricted Person of this Amendment and each other Amendment Document, to the extent a party thereto, the performance by each Restricted Person of its respective obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, do not and will not conflict with any provision of any Law or of the organizational documents of any Restricted Person, or of any material agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or result in the creation of any Lien upon any assets or properties of any Restricted Person, except in favor of Administrative Agent for the benefit of Lenders and other Permitted Liens. Except for those which have been duly obtained, no consent, approval, authorization or order of any Tribunal or third party is required in connection with the execution and delivery by any Restricted Person of this Amendment or any other Amendment Document, or to consummate the transactions contemplated hereby and thereby.

(d) When duly executed and delivered, each of this Amendment and each other Amendment Document, and each of the Loan Documents, as amended hereby and thereby, will be a legal and binding instrument and agreement of each Restricted Person to the extent a party thereto, enforceable in accordance with its terms, (subject, as to enforcement of remedies, to applicable bankruptcy, insolvency and similar laws applicable to creditors' rights generally).

ARTICLE V. -- Miscellaneous

(S) 5.1. Ratification of Agreements. The Original Agreement, as hereby amended, is hereby ratified and confirmed in all respects. The Loan Documents (including but not limited to each Guaranty), as they may be amended or affected by this Amendment or any other Amendment Document, are hereby ratified and confirmed in all respects by each Restricted Person to the extent a party thereto. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Amendment also. The execution, delivery and effectiveness of this Amendment and the other Amendment Documents shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Administrative Agent or any Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

(S) 5.2. Ratification of Security Documents. Restricted Persons, Administrative Agent, and Lenders each acknowledge and agree that any and all indebtedness, liabilities or obligations arising under or in connection with the LC Obligations or the Notes are Obligations and are secured indebtedness under, are guarantied by, and are secured by, each and every Security Document to which any Restricted Person is a party. Each Restricted Person hereby re-pledges, re-grants and re-assigns a security interest in and lien on every asset of the such Restricted Person described as Collateral in any Security Document and re-guarantees all Obligations under the Credit Agreement.

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

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

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

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

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

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

BORROWER: PLAINS MARKETING, L.P.

By: Plains Marketing GP Inc., General Partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

GUARANTORS: ALL AMERICAN PIPELINE, L.P.

By: Plains Marketing GP Inc., General Partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

PLAINS ALL AMERICAN PIPELINE, L.P.

By: Plains AAP, L.P., General Partner

By: Plains All American LLC, General Partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

LENDER PARTIES:

FLEET NATIONAL BANK,
Administrative Agent, LC Issuer and Lender

By: /s/ Terrence Ronan

Terrence Ronan, Managing Director

FIRST UNION NATIONAL BANK, Lender

By:

Robert R. Wetteroff, Sr. Vice Pres.

BANK OF AMERICA, N.A., Lender

By:

Name:
Title:

BANK ONE, NA (MAIN OFFICE CHICAGO),
Lender

By:

Name:
Title:

FORTIS CAPITAL CORP., Lender

By:

Name:
Title:

By:

Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, Lender

By:

Name:
Title:

BANK OF SCOTLAND, Lender

By:

Name:
Title:

WELLS FARGO BANK (TEXAS),
NATIONAL ASSOCIATION, Lender

By:

Name:
Title:

THE BANK OF NOVA SCOTIA, Lender

By:

Name:
Title:

CREDIT AGRICOLE INDOSUEZ, Lender

By:

Name:
Title:

By:

Name:
Title:

TORONTO DOMINION (TEXAS), INC., Lender

By:

Name:
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SOUTHWEST BANK OF TEXAS, N.A., Lender

By:

Name:
Title:

UNION BANK OF CALIFORNIA, N.A., Lender

By:

Name:
Title:

COMERICA BANK-TEXAS, Lender

By:

Name:
Title:

BNP PARIBAS, Lender

By:

Name:
Title:

By:

Name:
Title:

GUARANTY BANK, Lender

By:

Name:
Title:

SIEMENS FINANCIAL SERVICES INC., Lender

By:

Name:
Title:

CONSENT AND AGREEMENT

Each of the undersigned hereby consents to the provisions of this Amendment and the transactions contemplated herein and hereby (i) acknowledges and agrees that any and all indebtedness, liabilities or obligations arising under or in connection with the Notes are Obligations and are secured indebtedness under, and are secured by, each and every Security Document to which it is a party, (ii) re-pledges, re-grants and re-assigns a security interest in and lien on all of its assets described as collateral in any Security Document, (iii) ratifies and confirms its Guaranty dated May 4, 2001 made by it for the benefit of Administrative Agent and Lenders, and (iv) expressly acknowledges and agrees that the undersigned guarantees all indebtedness, liabilities and obligations arising under or in connection with any and all Notes pursuant to the terms of such Guaranty, and agrees that its obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

PLAINS MARKETING CANADA LLC

By: Plains Marketing, L.P., its sole member

By: Plains Marketing GP Inc.,
its general partner

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

PMC (NOVA SCOTIA) COMPANY

By: /s/ Phil Kramer

Phil Kramer, Exec. Vice President

PLAINS MARKETING CANADA, L.P.

By: PMC (Nova Scotia) Company,
General Partner

By: Phil Kramer

Phil Kramer, Exec. Vice President