SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) - June 8, 2001

Plains All American Pipeline, L.P.
(Name of Registrant as specified in its charter)

DELAWARE	0-9808	76-0582150
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

500 Dallas Street, Suite 700
Houston, Texas 77002
(713) 654-1414
(Address, including zip code, and telephone number,
including area code, of Registrant's principal executive offices)

N/A
(Former name or former address, if changed since last report.)

Item 5. Other Events

On June 8, 2001 Plains All American Pipeline, L.P. (the "Partnership") announced the completion of a strategic transaction involving its general partner. In connection with the transaction, an investor group comprised of Kayne Anderson Capital Advisors, EnCap Investments, James C. Flores, Strome Investments, John T. Raymond and an entity controlled by Greg L. Armstrong and other members of the management of the Partnership acquired an aggregate 54% ownership interest in the general partner from a subsidiary of Plains Resources Inc. In addition, Plains Resources has made available an incremental 2% aggregate ownership in the general partner to the management entity. At the closing of the transaction, a new entity owned by the investor group became the general partner of the Partnership.

Item 7. Financial Statements and Exhibits

(c) Exhibits

3.1 Amended and Restated Limited Partnership Agreement of Plains AAP, L.P., dated as of June 8, 2001.

3.2 Amended and Restated Limited Liability Company Agreement of Plains All American GP, LLC, dated as of June 8, 2001.

4.1 Registration Rights Agreement, dated as of June 8, 2001, among Plains All American Pipeline, L.P., Sable Holdings, L.P., E-Holdings III, L.P., KAFU Holdings, LP, PAA Management, L.P., Mark E. Strome, Strome Hedgings Fund, L.P., John T. Raymond and Plains All American Inc.

10.1 Contribution, Assignment and Amendment Agreement, dated as of June 8, 2001 among Plains All American Inc., Plains AAP, L.P. and Plains All American GP LLC.

10.2 Separation Agreement, dated as of June 8, 2001 among Plains Resources Inc., Plains All American Inc., Plains All American GP LLC, Plains AAP, L.P. and Plains All American Pipeline, L.P.

10.3 Pension and Employee Benefits Assumption and Transition Agreement, dated as of June 8, 2001 among Plains Resources Inc., Plains All American Inc. and Plains All American GP LLC.

99.1 Press Release dated June 11, 2001.

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 hereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P.

Date: June 11, 2001

By: Plains AAP, L.P., its general partner

By: Plains All American GP LLC, its general partner

By: /s/ Tim Moore

Name: Tim Moore
Title: Vice President

Index to Exhibits

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99.1 Press Release date June 11, 2001.

Exhibit 3.1

EXECUTION COPY

PLAINS AAP, L.P.

A Delaware Limited Partnership

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

June 8, 2001

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EXECUTION COPY

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

PLAINS AAP, L.P.

THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this "Agreement") of Plains AAP, L.P., a Delaware limited partnership (the "Partnership"), is made and entered into as of this 8/th/ day of June, 2001 by and among Plains All American GP LLC, a Delaware limited liability company, as the general partner, and the Persons listed as limited partners in Schedule I hereto (the "Limited Partners").

This Agreement amends and restates in its entirety the original Limited Partnership Agreement dated as of June 8, 2001 between General Partner and Plains All American Inc.

ARTICLE I
DEFINITIONS

For purposes of this Agreement:

"Acceptance Notice" shall have the meaning set forth in Section 7.8(b).

"Act" means the Delaware Revised Uniform Limited Partnership Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to a Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant Taxable Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to Regulation Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Agreement" means this Amended and Restated Limited Partnership Agreement, as amended from time to time in accordance with its terms.

"Available Cash" means, with respect to a fiscal quarter, all cash and cash equivalents of the Partnership at the end of such quarter less the amount of cash reserves that is necessary or appropriate in the reasonable discretion of the General Partner to (a) provide for the proper conduct of the business of the Partnership (including reserves for future capital expenditures and for anticipated future credit needs of the Partnership) subsequent to such quarter or (b) comply

with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets or Property is subject; provided, however, that disbursements made by the Master Limited Partnership to the Partnership or cash reserves established, increased or reduced after the expiration of such quarter but on or before the date of determination of Available Cash with respect to such quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, during such quarter if the General Partner so determines in its reasonable discretion.

"Business" means all Hydrocarbon gathering, transportation, terminalling, storage, and marketing and all operations related thereto, including, without limitation, (a) the acquisition, construction, installation, maintenance or remediation and operation of pipelines, gathering lines, compressors, facilities, storage facilities and equipment, and (b) the gathering of Hydrocarbons from fields, interstate and intrastate transportation by pipeline, trucks or barges, tank storage of Hydrocarbons, transferring Hydrocarbons from pipelines and storage tanks to trucks, barges or other pipelines, acquisition of Hydrocarbons at the well or bulk purchase at pipeline and terminal facilities and subsequent resale thereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

"Capital Account" means, with respect to any Partner, a separate account established by the Partnership and maintained for each Partner in accordance with Section 3.4 hereof.

"Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Partnership with respect to the interests purchased by such Partner pursuant to the terms of this Agreement, in return for which the Partner contributing such capital shall receive a Partnership Interest.

"Cause" shall have the meaning set forth in the Flores Employment Agreement.

"Certificate" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of Delaware, as amended or restated from time to time.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Contributed Units" means the subordinated units in the Master Limited Partnership contributed to the Partnership in proportion to the Unit Percentages.

"Depreciation" means, for each Taxable Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Taxable Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Taxable Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Taxable Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year is zero, Depreciation shall

be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"E-Holdings" means E-Holdings, III L.P., a Texas limited partnership.

"EnCap" shall have the meaning set forth in Section 10.1.

"Encumbrance" means any security interest, pledge, mortgage, lien (including, without limitation, environmental and tax liens), charge, encumbrance, adverse claim, any defect or imperfection in title, preferential arrangement or restriction, right to purchase, right of first refusal or other burden or encumbrance of any kind, other than those imposed by this Agreement.

"First Refusal Notice" shall have the meaning set forth in Section 7.8(a).

"First Union" shall have the meaning set forth in Section 7.1.

"Flores Employment Agreement" means the Employment Agreement dated May 8, 2001 between Rodeo and JCF.

"General Partner" means Plains All American GP LLC, a Delaware limited liability company, any successor thereto, and any Persons hereafter admitted as additional general partners, each in its capacity as a general partner of the Partnership.

"Good Reason" shall have the meaning set forth in the Flores Registration Rights Agreement.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows and as otherwise provided in Section 3.2(b):

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as reasonably determined by the General Partner; provided, however, that the initial Gross Asset Values of the assets contributed to the Partnership pursuant to Section 3.1 hereof shall be as set forth in such section or the schedule referred to therein;

(b) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as reasonably determined by the General Partner as of the following times: (i) the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property as consideration for an interest in the Partnership; and (iii) the liquidation of the Partnership within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); and

(c) The Gross Asset Value of any item of Partnership assets distributed to any Partner shall be adjusted to equal the gross fair market value (taking Code Section

7701(g) into account) of such asset on the date of distribution as reasonably determined by the General Partner.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (b), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"Hydrocarbons" means crude oil, natural gas, casinghead gas, condensate, sulphur, natural gas liquids, plant products, liquefied petroleum gas and other liquid or gaseous hydrocarbons produced in association therewith, including, without limitation, coalbed methane and gas and CO_2.

"JCF" means James C. Flores.

"Kafu" means KAFU Holdings LP, a Delaware limited partnership.

"Kayne Anderson" shall have the meaning set forth in Section 10.1.

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

"Limited Partnership Interest" means, with respect to a Member, such Member's limited partnership interest in the Partnership, which refers to all of such Member's rights and interests in the Partnership in such Member's capacity as a limited partner thereof, all as provided in the Partnership Agreement and the Delaware Revised Uniform Limited Partnership Act.

"Liquidating Trustee" has the meaning set forth in Section 8.3(a).

"LLC Agreement" means the Amended and Restated Agreement Limited Liability Company Agreement of the General Partner, dated as of the date hereof, by and among Plains All American Inc., as the initial member, Sable, Kafu, E-Holdings, Management Entity, Raymond, Strome, Strome Hedgecap and any other Persons who become members in the General Partner as provided therein, as amended from time to time in accordance with the terms thereof.

"Losses" has the meaning set forth in the definition of "Profits" and "Losses".

"Management Entity" shall mean PAA Management, L.P.

"Management Sale" shall have the meaning set forth in Section 7.9.

"Master Limited Partnership" means Plains All American Pipeline, L.P., and any successor thereto.

"Master Limited Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of the Master Limited Partnership, dated as of November 23,

1998, as amended, modified, supplemented or restated from time to time in accordance with the terms thereof.

"Member" means a record holder of a Membership Interest.

"Membership Interest" means, with respect to a Partner, such Partner's limited liability company interest in the General Partner, which refers to all of such Partner's rights and interests in the General Partner in such Partner's capacity as a member thereof, all as provided in the LLC Agreement and the Delaware Limited Liability Company Act.

"Membership Transfer" shall have the meaning set forth in Section 7.1(b).

"Non-Purchasing Partner" shall have the meaning set forth in Section 7.8(d).

"Non-Selling Partner" shall have the meaning set forth in Section 7.8(b).

"Notice" means a writing, containing the information required by this Agreement to be communicated to a party, and shall be deemed to have been received (a) when personally delivered or sent by telecopy, (b) one day following delivery by overnight delivery courier, with all delivery charges pre-paid, or (c) on the third Business Day following the date on which it was sent by United States mail, postage prepaid, to such party at the address or fax number, as the case may be, of such party as shown on the records of the Partnership.

"Offer" shall have the meaning set forth in Section 7.8(a).

"Offeror" shall have the meaning set forth in Section 7.8(a).

"Optioned Interest" shall have the meaning set forth in Section 7.8(a).

"Partner" means the General Partner or any of the Limited Partners, and "Partners" means the General Partner and all of the Limited Partners.

"Partnership" shall have the meaning set forth in the preamble hereof.

"Partnership Interest" means a Partner's limited partnership or general partnership interest in the Partnership which refers to all of a Partner's rights and interests in the Partnership in such Partner's capacity as a Partner, all as provided in this Agreement and the Act.

"Partnership Percentage" of a Partner means the aggregate percentage of Partnership Interests of such Partner set forth in Schedule I hereto, as the same may be modified from time to time as provided herein.

"Permitted Transfer" shall mean:

(a) a Transfer of any or all of the Partnership Interest by any Partner who is a natural person to (i) such Partner's spouse, children (including legally adopted children and stepchildren), spouses of children or grandchildren or spouses of grandchildren; (ii) a trust for the benefit of the Partner and/or any of the Persons described in clause (i); or (iii)

a limited partnership or limited liability company whose sole partners or members, as the case may be, are the Partner and/or any of the Persons described in clause (i) or clause (ii); provided, that in any of clauses (i), (ii) or (iii), the Partner transferring such Partnership Interest, or portion thereof, retains exclusive power to exercise all rights under this Agreement;

(b) a Transfer of any or all of the Partnership Interest by any Partner to the Partnership;

(c) a Transfer of any or all of the Partnership Interest by a Partner to any Affiliate of such Partner; provided, however, that such transfer shall be a Permitted Transfer only so long as such Partnership Interest, or portion thereof, is held by such Affiliate or is otherwise transferred in another Permitted Transfer.

Provided, however, that no Permitted Transfer shall be effective unless and until the transferee of the Partnership Interest, or portion thereof, so transferred complies with Sections 7.1(b). Except in the case of a Permitted Transfer pursuant to clause (b) above, from and after the date on which a Permitted Transfer becomes effective, the Permitted Transferee of the Partnership Interest, or portion thereof, so transferred shall have the same rights, and shall be bound by the same obligations, under this Agreement as the transferor of such Partnership Interest, or portion thereof, and shall be deemed for all purposes hereunder a Partner and such Permitted Transferee shall, as a condition to such Transfer, agree in writing to be bound by the terms of this Agreement. No Permitted Transfer shall conflict with or result in any violation of any judgment, order, decree, statute, law, ordinance, rule or regulation or require the Company, if not currently subject, to become subject, or if currently subject, to become subject to a greater extent, to any statute, law, ordinance, rule or regulation, excluding matters of a ministerial nature that are not materially burdensome to the Company.

"Permitted Transferee" shall mean any Person who shall have acquired and who shall hold a Partnership Interest, or portion thereof, pursuant to a Permitted Transfer.

"Person" means any individual, partnership, corporation, limited liability company, trust, incorporated or unincorporated organization or other legal entity of any kind.

"Profits" and "Losses" means, for each Taxable Year, an amount equal to the Partnership's net taxable income or loss for a taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in computing such taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Partnership described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Taxable Year, computed in accordance with the definition of Depreciation; and

(f) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Sections 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses.

"Property" means all assets, real or intangible, that the Partnership may own or otherwise have an interest in from time to time.

"Raymond" means John T. Raymond.

"Regulations" means the regulations, including temporary regulations, promulgated by the United States Department of Treasury with respect to the Code, as such regulations are amended from time to time, or corresponding provisions of future regulations.

"Regulatory Allocations" shall have the meaning set forth in Section 5.3(c).

"Rodeo" means Plains Resources Inc., a Delaware corporation.

"Rodeo, Inc." means Plains All American Inc., a Delaware corporation.

"Sable" means Sable Investments, L.P.

A "Sable Change of Control" shall be deemed to occur if: any Person or "Group" (as such term is used in Section 13(d) of the Exchange Act), other than JCF or any entity or entities controlled by JCF, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of (a) more than 50% of the general or limited partnership interests in Sable or (b) stock or other equity interests of any legal entity that controls Sable representing

more than 50% of the voting interests entitled to vote generally for the election of the board of directors or other governing body of such entity.

"Selling Partner" shall have the meaning set forth in Section 7.8(a).

"Strome" means Mark E. Strome.

"Strome Hedgecap" means Strome Hedgecap Fund, L.P.

"Taxable Year" shall mean the calendar year.

"Transfer" or "Transferred" means to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, voluntarily or involuntarily, by operation of law or otherwise. When referring to a Partnership Interest, "Transfer" shall mean the Transfer of such Partnership Interest whether of record, beneficially, by participation or otherwise.

"Transfer Agreements" means those certain Unit Transfer and Contribution Agreements, dated as of May 8, 2001, by and among PAAI LLC, Rodeo, Rodeo, Inc. and each of (i) Sable, Sable Holdings, L.P. and JCF; (ii) E-Holdings, (iii) Kafu Holdings, LLC, (iv) Strome, (v) Strome Hedgecap and (vi) Raymond, as may be amended from time to time in accordance with the terms thereof.

"Unit Percentages" means the Unit Percentages set forth on Schedule I.

ARTICLE II
ORGANIZATION

2.1 Formation of Limited Partnership

The General Partner has previously formed the Partnership as a limited partnership pursuant to the provisions of the Act and the parties hereto hereby agree to amend and restate the original Limited Partnership Agreement of the Partnership in its entirety. The parties hereto acknowledge that they intend that the Partnership be taxed as a partnership and not as an association taxable as a corporation for federal income tax purposes. No election may be made to treat the Partnership as other than a partnership for federal income tax purposes.

2.2 Name of Partnership

The name of the Partnership is Plains AAP, L.P. or such other name as the General Partner may hereafter adopt from time to time. The General Partner shall execute and file in the proper offices such certificates as may be required by any assumed name act or similar law in effect in the jurisdictions in which the Partnership may elect to conduct business.

2.3 Principal Office; Registered Office

The principal office address of the Partnership is located at 333 Clay Street, 29th Floor, Houston, Texas 77002, or such other place as the General Partner designates from time to time.

The registered office address and the name of the registered agent of the Partnership for service of process on the Partnership in the State of Delaware is as stated in the Certificate or as designated from time to time by the General Partner.

2.4 Term of Partnership

The term of the Partnership commenced on May 21, 2001 and shall continue until dissolved pursuant to Section 8.1 hereof. The legal existence of the Partnership as a separate legal entity continues until the cancellation of the Certificate.

2.5 Purpose of Partnership

The Partnership is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Partnership is, (a) acting as the general partner of the Master Limited Partnership pursuant to the Master Limited Partnership Agreement, (b) holding the GP Interest, the Incentive Distribution Rights and the Operating Partnerships GP Interests (as such terms are defined in the Transfer Agreement) and (c) engaging in any and all activities necessary or incidental to the foregoing.

2.6 Actions by Partnership

The Partnership may execute, deliver and perform all contracts, agreements and other undertakings and engage in all activities and transactions as may in the opinion of the General Partner be necessary or advisable to carry out its objects.

2.7 Reliance by Third Parties

Persons dealing with the Partnership are entitled to rely conclusively upon the power and authority of the General Partner as herein set forth.

ARTICLE III
CAPITAL

3.1 Capital Contributions

(a) On or before the date of this Agreement, each Partner agrees to make, or shall have made, a Capital Contribution consisting of cash or property as set forth opposite such Partner's name on Schedule I hereto.

(b) Each Partner agrees to make Capital Contributions in proportion to such Partner's Partnership Percentage for equity issuances by the Master Limited Partnership pursuant to Section 5.2(b) of the Master Limited Partnership Agreement approved by the Members pursuant to the LLC Agreement.

3.2 Additional Capital Contributions

(a) No Partner shall be required to make any additional Capital Contribution other than as required under Section 3.1.

(b) The Partnership may offer additional Partnership Interests to any Person with the approval of the General Partner. If any additional Capital Contributions are made by Partners but not in proportion to their respective Percentage Interests, the Percentage Interest of each Partner shall be adjusted such that each Partner's revised Percentage Interest determined immediately following each such additional Capital Contribution shall be equal to a fraction (i) the numerator of which is the sum of (A) the positive Capital Account balance of the Partner determined immediately preceding the date such additional Capital Contribution is made (such Capital Account to be computed by adjusting the book value for Capital Account purposes of each Partnership asset to equal its Gross Asset Value as of such date, as provided in subparagraph (b) of the definition herein of "Gross Asset Value"), and (B) such additional Capital Contribution, if any, made by such Partner, and (ii) the denominator of which is the sum of the positive Capital Account balances immediately preceding the date such additional Capital Contribution is made plus additional Capital Contributions of all Partners on the date of such additional Capital Contribution, including Capital Contributions of any new Partners (in each case calculated as provided in (i) above). The names, addresses and Capital Contributions of the Partners shall be reflected in the books and records of the Partnership.

3.3 Loans

(a) No Partner shall be obligated to loan funds to the Partnership. Loans by a Partner to the Partnership shall not be considered Capital Contributions. The amount of any such loan shall be a debt of the Partnership owed to such Partner in accordance with the terms and conditions upon which such loan is made.

(b) A Partner may (but shall not be obligated to) guarantee a loan made to the Partnership. If a Partner guarantees a loan made to the Partnership and is required to make payment pursuant to such guarantee to the maker of the loan, then the amounts so paid to the maker of the loan shall be treated as a loan by such Partner to the Partnership and not as an additional Capital Contribution.

3.4 Maintenance of Capital Accounts

(a) The Partnership shall maintain for each Partner a separate Capital Account with respect to the Partnership Interest owned by such Partner in accordance with the following provisions:

(i) To each Partner's Capital Account there shall be credited (A) such Partner's Capital Contributions, (B) such Partner's share of Profits and (C) the amount of any Partnership liabilities assumed by such Partner or which are secured by any Property distributed to such Partner. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Partnership by the maker of the note (or a Partner related to the maker of the note within the meaning of Regulation Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Partner until the Partnership makes a taxable disposition of the note or until (and only to the extent) principal payments are made on the note, all in accordance with Regulation Section 1.704-1(b)(2)(iv)(d)(2);

(ii) To each Partner's Capital Account there shall be debited (A) the amount of money and the Gross Asset Value of any Property distributed or treated as an advance distribution to such Partner pursuant to any provision of this Agreement (including without limitation any distributions pursuant to Section 4.1), (B) such Partner's share of Losses and (C) the amount of any liabilities of such Partner assumed by the Partnership or which are secured by any Property contributed by such Partner to the Partnership;

(iii) In the event Partnership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent such Capital Account relates to the Transferred Partnership Interests; and

(iv) In determining the amount of any liability for purposes of Sections 3.4(a)(i) and (ii) there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(b) The foregoing Section 3.4(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b) and, to the greatest extent practicable, shall be interpreted and applied in a manner consistent with such Regulation. The General Partner in its discretion and to the extent otherwise consistent with the terms of this Agreement shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulation Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulation Section 1.704-1(b).

3.5 Capital Withdrawal Rights, Interest and Priority

Except as expressly provided in this Agreement, no Partner shall be entitled to (a) withdraw or reduce such Partner's Capital Contribution or to receive any distributions from the Partnership, or (b) receive or be credited with any interest on the balance of such Partner's Capital Contribution at any time.

ARTICLE IV
DISTRIBUTIONS

4.1 Distributions of Available Cash

An amount equal to 100% of Available Cash with respect to each fiscal quarter of the Partnership shall be distributed to the Partners in proportion to their relative Percentage Interests within forty-five days after the end of such quarter. Notwithstanding any other provision of this Agreement, all cash attributable to the ownership or disposition by the Partnership of Contributed Units shall be distributed to the Partners in proportion to their relative Unit Percentages within forty-five days after the end of each quarter.

4.2 Special Distribution

Upon the closing of the transactions contemplated by the Transfer Agreements, the Partnership shall make a special distribution to Rodeo, Inc. in an amount equal to the amount contributed by the Limited Partners other than Rodeo, Inc. for their limited partner Partnership Interests hereunder on or before the date of such closing.

4.3 Persons Entitled to Distributions

All distributions of Available Cash to Partners for a fiscal quarter pursuant to Section 4.1 shall be made to the Partners shown on the records of the Partnership to be entitled thereto as of the last day of such quarter, unless the transferor and transferee of any Partnership Interest otherwise agree in writing to a different distribution and such distribution is consented to in writing by the General Partner.

4.4 Limitations on Distributions

(a) Notwithstanding any provision of this Agreement to the contrary, no distributions shall be made except pursuant to Article IV or Article VIII.

(b) Notwithstanding any provision of this Agreement to the contrary, no distribution hereunder shall be permitted if such distribution would violate Section 17-607 of the Act or other applicable law.

ARTICLE V
ALLOCATIONS

5.1 Profits

Profits for any Taxable Year shall be allocated:

(a) first, to those Partners to which Losses have previously been allocated pursuant to Section 5.2(d) hereof so as to bring each such Partner's Capital Account to zero, pro rata in accordance with the sum of each such Partner's Losses; and

(b) second, any remaining Profits shall be allocated among the Partners in proportion to their respective Percentage Interests.

5.2 Losses

Losses for any Taxable Year shall be allocated:

(a) first, to the Partners to which Profits have previously been allocated pursuant to Section 5.1(b) to the extent of such Profits;

(b) second, among the Partners in proportion to their respective Percentage Interests provided; however, that no Partner shall be allocated any loss pursuant to this Section 5.2(b) which would result in a negative Capital Account balance for such Partner.

(c) third, to Partners in proportion to their positive Capital Account balances until such Capital Account balances have been reduced to zero; and

(d) fourth, any remaining Losses shall be allocated to the General Partner.

5.3 Regulatory Allocations

(a) Gross Income Allocation. In the event any Partner has an Adjusted Capital Account Deficit at the end of any Taxable Year, such Partner shall be specially allocated items of Partnership income and gain in the amount of such deficit balance as quickly as possible; provided, that, an allocation pursuant to this Section 5.3(a) shall be made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit balance after all other allocations provided for in this Article V have been made.

(b) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible, provided, that, an allocation pursuant to this Section 5.3(b) shall be made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been made.

(c) Curative Allocations. The allocations set forth in Sections 5.3(a) and (b) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Partners that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Partnership income, gain, loss or deduction pursuant to this Section 5.3(c). Therefore, notwithstanding any other provision of this Article V (other than the Regulatory Allocations), the General Partner shall make such offsetting special allocations of income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Partner's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Partner would have had if the Regulatory Allocations were not part of this Agreement and all such items were allocated pursuant to Sections 5.1 and 5.2 without regard to the Regulatory Allocations.

(d) Special Allocation. Notwithstanding any other provision of this Agreement, but subject to Section 5.4, all income, gain, loss and deduction related to the Contributed Units shall be allocated to the Partners in proportion to their relative Unit Percentages.

5.4 Tax Allocations: Code Section 704(c)

(a) Except as otherwise provided herein, for federal income tax purposes, (i) each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 5.1 and 5.2, and (ii) each tax credit shall be allocated to the Partners in the same manner as the receipt or expenditure giving rise to such credit is allocated pursuant to Section 5.1 or 5.2.

(b) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such Property to the Partnership for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition herein of "Gross Asset Value"). The Partnership shall use the remedial method of allocations specified in Treas. Reg. (S)1.704-3(d), or successor regulations, unless otherwise required by law, with respect to the initial contribution property set forth on Schedule I.

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subparagraph (b) of the definition herein of "Gross Asset Value", subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(d) Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement; provided, that the Partnership, in the discretion of the General Partner, may make, or not make, "curative" or "remedial" allocations (within the meaning of the Regulations under Code Section 704(c)) including, but not limited to, "curative" allocations which offset the effect of the "ceiling rule" for a prior Taxable Year (within the meaning of Regulation Section 1.704-3(c)(3)(ii)) and "curative" allocations from disposition of contributed property (within the meaning of Regulation Section 1.704-3(c)(3)(iii)(B)). Allocations pursuant to this Section 5.4 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

5.5 Change in Partnership Percentage

In the event that the Partners' Partnership Percentages change during a Taxable Year, Profits and Losses shall be allocated taking into account the Partners' varying Percentage Interests for such Taxable Year, determined on a daily, monthly or other basis as determined by the General Partner, using any permissible method under Code Section 706 and the Regulations thereunder.

5.6 Withholding

Each Partner hereby authorizes the Partnership to withhold from income or distributions allocable to such Partner and to pay over any taxes payable by the Partnership or any of its Affiliates as a result of such Partner's participation in the Partnership; if and to the extent that the Partnership shall be required to withhold any such taxes, such Partner shall be deemed for all purposes of this Agreement to have received a distribution from the Partnership as of the time such withholding is required to be paid, which distribution shall be deemed to be a distribution to such Partner to the extent that the Partner is then entitled to receive a distribution. To the extent that the aggregate of such distributions in respect of a Partner for any period exceeds the distributions to which such Partner is entitled for such period, the amount of such excess shall be considered a demand loan from the Partnership to such Partner, with interest at the rate of

interest per annum that Citibank, N.A., or any successor entity thereto, announces from time to time as its prime lending rate, which interest shall be treated as an item of Partnership income, until discharged by such Partner by repayment, which may be made in the sole discretion of the General Partner out of distributions to which such Partner would otherwise be subsequently entitled. The withholdings referred to in this Section 5.6 shall be made at the maximum applicable statutory rate under applicable tax law unless the General Partner shall have received an opinion of counsel or other evidence, satisfactory to the General Partner, to the effect that a lower rate is applicable, or that no withholding is applicable.

ARTICLE VI
MANAGEMENT

6.1 Duties and Powers of the General Partner

(a) The business and affairs of the Partnership shall be managed by the General Partner. Except for situations in which the approval of the Limited Partners is expressly required by this Agreement or by nonwaivable provisions of applicable law, the General Partner shall have full and complete authority, power and discretion to manage and control the business, affairs and property of the Partnership, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Partnership's business. Without limiting the generality of the foregoing, the General Partner has full power and authority to execute, deliver and perform such contracts, agreements and other undertakings on behalf of the Partnership, without the consent or approval of any other Partner, and to engage in all activities and transactions, as it may deem necessary or advisable for, or as may be incidental to, the conduct of the business and affairs of the Partnership.

(b) Each Limited Partner agrees to cooperate with the General Partner and to execute and deliver such documents, agreements and instruments, and do all such further acts, as deemed necessary or advisable by the General Partner to give effect to the exercise of the General Partner's powers under this Section 6.1. Without limiting the foregoing, each Limited Partner hereby irrevocably appoints the General Partner as its proxy and attorney-in-fact (with full power of substitution and resubstitution) to vote or act by written consent with respect to its Partnership Interest as a Limited Partner as determined by the General Partner on all matters requiring the vote, approval or consent of the Limited Partners. The Partners acknowledge that such proxy is coupled with an interest and is irrevocable.

(c) The General Partner is the tax matters partner for purposes of Section 6231 of the Code and analogous provisions of state law. The tax matters partner has the exclusive authority and discretion to make any elections required or permitted to be made by the Partnership under any provisions of the Code or any other applicable laws.

6.2 No Liability to Limited Partners

Except in case of gross negligence or willful malfeasance of the person (the General Partner or any of the Members, managers, directors, officers, agents or employees of the General Partner) who is sought to be held liable, neither the General Partner nor the Members, managers, directors, officers, agents or employees of the General Partner will be liable to any Limited Partner or the

Partnership (i) for any action taken with respect to the Partnership which is not in violation of the provisions of this Agreement, or (ii) for any action taken by any Member, manager, director, officer, agent or employee of the General Partner.

6.3 Indemnification of General Partner

The Partnership shall indemnify the General Partner, the members, managers, directors, officers, agents and employees of the General Partner against any losses, liabilities, damages and expenses to which any of such persons may become subject, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by them, and advance all expenses to them, in connection with any threatened, pending or completed action, suit or proceeding to which any of them was or is a party or is threatened to be made a party by reason of the direct or indirect association by them with the Partnership to the maximum extent permitted by applicable law.

6.4 Rights of Limited Partners

The Limited Partners will not be personally liable for any obligations of the Partnership nor will they have any obligation to make contributions to the Partnership in excess of their respective Capital Contributions required under Section 3.1 or have any liability for the repayment or discharge of the debts and obligations of the Partnership except to the extent provided herein or as required by law. The Limited Partners shall take no part in the management, control or operation of the Partnership's business and shall have no power to bind the Partnership and no right or authority to act for the Partnership or to vote on matters other than the matters set forth in this Agreement or as required by applicable law.

ARTICLE VII
TRANSFERS OF PARTNERSHIP INTERESTS

7.1 Transfer of Limited Partnership Interests

(a) No Limited Partner may Transfer all or any part of such Partner's Partnership Interest to any Person except (i) to a Permitted Transferee pursuant to Section 7.2, or (ii) pursuant to the terms of Section 7.8, or (iii) in the case of Kafu, a transfer of up to a 6% Partnership Interest to First Union Investors, Inc. ("First Union") within 90 days from the date hereof; provided, however, any such Transfer under (i) or (ii) above shall comply with the terms of Section 7.1(b). Any purported Transfer of a Partnership Interest or a portion thereof in violation of the terms of this Agreement shall be null and void and of no force and effect. Except upon a Transfer of all of a Limited Partner's Partnership Interest in accordance with Section 7.1, no Limited Partner shall have the right to withdraw as a Partner of the Partnership.

(b) As a condition to a Transfer by a Limited Partner of all or any part of such Partner's Partnership Interest to a transferee as permitted under Section 7.1(a)(i) or (ii) (a "Partnership Transfer"), such Partner shall simultaneously Transfer (the "Membership Transfer") to such transferee an amount of such Partner's Membership Interest equal to: (i) such Partner's Membership Interest, multiplied by (ii) a percentage equal to (1) the portion of such Partner's Partnership Interest to be Transferred to such transferee, divided by (2) such Partner's Partnership Interest immediately before such Transfer. If for any reason the

Membership Transfer does not occur simultaneously with the Partnership Transfer, then the Partnership Transfer shall be null and void and of no force and effect.

(c) Notwithstanding any other provision of this Agreement, no Limited Partner may pledge, mortgage or otherwise subject its Limited Partnership Interest to any Encumbrance.

(d) So long as it or its Permitted Transferee remains a Limited Partner, Sable may not effect a Sable Change of Control.

(e) In the event that JCF resigns (other than for Good Reason) from his position as Chief Executive Officer of Rodeo, or is terminated for Cause, during the eighteen month period ending November 8, 2002, the occurrence of such event shall be deemed a Transfer to a Non-Qualifying Transferee of the Limited Partnership Interest of Sable Investments; provided, however, that fair market value, with respect to such deemed Transfer for purposes of Section 7.2, shall not be less than Sable's initial Capital Contribution.

7.2 Permitted Transferees

(a) Notwithstanding the provisions of Section 7.8, each Limited Partner shall, subject to Section 7.1(b), have the right to Transfer (but not to substitute the transferee as a substitute Partner in such Partner's place, except in accordance with Section 7.3), by a written instrument, all or any part of a Limited Partner's Partnership Interest to a Permitted Transferee. Notwithstanding the previous sentence, if the Permitted Transferee is such because it was an Affiliate of the transferring Limited Partner at the time of such Transfer or the Transfer was a Permitted Transfer under clause (a) of the definition herein of "Permitted Transfer" and, at any time after such Transfer, such Permitted Transferee ceases to be an Affiliate of such Limited Partner or such Transfer or such Permitted Transferee ceases to qualify under such clause (a) (a "Non-Qualifying Transferee"), such Transfer shall be deemed to not be a Permitted Transfer and shall be subject to Section 7.8. Pursuant to Section 7.8, such transferring Limited Partner or such transferring Limited Partner's legal representative shall deliver the First Refusal Notice promptly after the time when such transferee ceases to be an Affiliate of such transferring Limited Partner or such Transfer or such Permitted Transferee ceases to qualify under clause (a) of the definition herein of "Permitted Transfer", and such transferring Limited Partner shall otherwise comply with the terms of Section 7.8 with respect to such Transfer; provided, that the purchase price for such Transfer for purposes of Section 7.8 shall be an amount agreed upon by such transferring Limited Partner and the General Partner or, if such Limited Partner and the General Partner cannot agree on a price within five (5) Business Days after delivery of the First Refusal Notice, such price shall be the fair market value of the Partnership Interest transferred pursuant to the Transfer as of the date the transferee ceased to be an Affiliate of such transferring Limited Partner or such Transfer or such Permitted Transferee ceases to qualify under clause (a) of the definition herein of "Permitted Transfer" (such date, the "Non-Qualifying Date"), as determined at the Partnership's expense by a nationally recognized investment banking firm mutually selected by such transferring Limited Partner and the General Partner. If such transferring Limited Partner and the General Partner are unable, within ten (10) days after the expiration of such five (5) Business Day period, to mutually agree upon an investment banking firm, then each of such transferring Limited Partner and the General Partner shall choose a nationally recognized investment banking firm and the two investment banking firms so chosen

shall choose a third nationally recognized investment banking firm which shall determine the fair market value of the Partnership Interest transferred pursuant to such Transfer at the Partnership's expense. The determination of fair market value shall be based on the value that a willing buyer with knowledge of all relevant facts would pay a willing seller for all the outstanding equity securities of the Partnership in connection with an auction for the Partnership as a going concern and shall not take into account any acquisitions made by the Partnership or its Affiliates or any other events subsequent to the Non-Qualifying Date and shall not be subject to any discount for a sale of a minority interest. If such transferring Limited Partner fails to comply with all the terms of Section 7.8, such Transfer shall be null and void and of no force and effect. No Non-Qualifying Transferee shall be entitled to receive any distributions from the Partnership on or after the Non-Qualifying Date and any distributions made in respect of the Partnership Interests on or after the Non-Qualifying Date and held by such Non-Qualifying Transferee shall be paid to the Limited Partner who transferred such Partnership Interests or otherwise to the rightful owner thereof as reasonably, determined by the General Partner.

(b) Unless and until admitted as a substitute Limited Partner pursuant to Section 7.3, a transferee of a Limited Partner's Partnership Interest, in whole or in part, shall be an assignee with respect to such Transferred Partnership Interest and shall not be entitled to become, or to exercise the rights of, a Limited Partner, including the right to vote, the right to require any information or accounting of the Partnership's business, or the right to inspect the Partnership's books and records. Such transferee shall only be entitled to receive, to the extent of the Partnership Interest Transferred to such transferee, the share of distributions and profits, including distributions representing the return of Capital Contributions, to which the transferor would otherwise be entitled with respect to the Transferred Partnership Interest. Subject to the provisions of Section 6.1(b), the transferor shall have the right to vote such Transferred Partnership Interest until the transferee is admitted to the Partnership as a substitute Limited Partner with respect to the Transferred Partnership Interest.

7.3 Substitute Limited Partners

No transferee of all or part of a Limited Partner's Partnership Interest shall become a substitute Limited Partner in place of the transferor unless and until:

(a) such Transfer is in compliance with the terms of Section 7.1;

(b) the transferee has executed an instrument in form and substance reasonably satisfactory to the General Partner accepting and adopting, and agreeing to be bound by, the terms and provisions of the Certificate and this Agreement; and

(c) the transferee has caused to be paid all reasonable expenses of the Partnership in connection with the admission of the transferee as a substitute Limited Partner.

Upon satisfaction of all the foregoing conditions with respect to a particular transferee, the General Partner shall cause the books and records of the Partnership to reflect the admission of the transferee as a substitute Limited Partner to the extent of the Transferred Partnership Interest held by such transferee.

7.4 Effect of Admission as a Substitute Limited Partner

A transferee who has become a substitute Limited Partner has, to the extent of the Transferred Partnership Interest, all the rights, powers and benefits of, and is subject to the obligations, restrictions and liabilities of a Partner under, the Certificate, this Agreement and the Act. Upon admission of a transferee as a substitute Limited Partner, the transferor of the Partnership Interest so held by the substitute Limited Partner shall cease to be a Partner of the Partnership to the extent of such Transferred Partnership Interest.

7.5 Consent

Each Partner hereby agrees that upon satisfaction of the terms and conditions of this Article VII with respect to any proposed Transfer, the
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transferee may be admitted as a Partner without any further action by a Partner hereunder.

7.6 No Dissolution

If a Limited Partner Transfers all of its Partnership Interest pursuant to this Article VII and the transferee of such Partnership Interest is admitted as
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a Limited Partner pursuant to Section 7.3, such Person shall be admitted to the
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Partnership as a Partner effective on the effective date of the Transfer and the Partnership shall not dissolve pursuant to Section 8.1.

7.7 Additional Limited Partners

Subject to Section 3.2, any Person acceptable to the General Partner may
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become an additional Limited Partner of the Partnership for such consideration as the General Partner shall determine, provided that such additional Limited Partner complies with all the requirements of a transferee under Section 7.3(b)
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and (c).

7.8 Right of First Refusal

The Limited Partners shall have the following right of first refusal:

(a) If at any time any of the Limited Partners (a "Selling Partner") has received and wishes to accept a bona fide offer (the "Offer") for cash from a third party (the "Offeror") for all or part of such Selling Partner's Partnership Interest (and a proportionate amount of such Selling Partner's Membership Interest in accordance with Section 7.1(b)), such Selling Partner
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shall give Notice thereof (the "First Refusal Notice") to each of the other Partners, other than any Non-Purchasing Partners (as hereinafter defined), and the Partnership. The First Refusal Notice shall state the portion of the Selling Partner's Partnership Interest and Membership Interest that the Selling Partner wishes to sell (the "Optioned Interest"), the price and all other material terms of the Offer, the name of the Offeror, and certification from the Selling Partner affirming that the Offer is bona fide and that the description thereof is true and correct, and that the Offeror has stated that it will purchase the Optioned Interest if the rights of first refusal herein described are not exercised.

(b) Each of the Limited Partners other than the Selling Partner and any Non-Purchasing Partner (the "Non-Selling Partners") shall have the right exercisable by Notice (an

"Acceptance Notice") given to the Selling Partner and the Partnership within twenty (20) days after receipt of the First Refusal Notice, to agree that it will purchase up to 100% of the Optioned Interest on the terms set forth in the First Refusal Notice; provided, however, if the Non-Selling Partners in the aggregate desire to purchase more than 100% of the Optioned Interest, each such Non-Selling Partner's right to purchase the Optioned Interest shall be reduced (pro rata based on the percentage of the Optioned Interest for which such Non-Selling Partner has exercised its right to purchase hereunder compared to all other Non-Selling Partners, but not below such Non-Selling Partner's Partnership Interest as a percentage of the aggregate Partnership Interests of all Non-Selling Partners who have exercised their right to purchase) so that such Non-Selling Partners purchase no more than 100% of the Optioned Interest. If a Non-Selling Partner does not submit an Acceptance Notice within the twenty (20) day period set forth in this Section 7.8(b), such Non-Selling Partner shall be deemed to have rejected the offer to purchase any portion of the Optioned Interest.

(c) If the Non-Selling Partners do not in the aggregate exercise the right to purchase all of the Optioned Interest by the expiration of the twenty (20) day period set forth in Section 7.8(b), then any Acceptance Notice shall be void and of no effect, and the Selling Partner shall be entitled to complete the proposed sale at any time in the thirty (30) day period commencing on the date of the First Refusal Notice, but only upon the terms set forth in the First Refusal Notice. If no such sale is completed in such thirty (30) day period, the provisions hereof shall apply again to any proposed sale of the Optioned Interest.

(d) If any Non-Selling Partner exercises the right to purchase the Optioned Interest as provided herein and such Non-Selling Partner(s) have elected to purchase all of the Optioned Interest, the purchase of such Optioned Interest shall be completed within the thirty (30) day period commencing on the date of delivery of the First Refusal Notice on the terms set forth in the First Refusal Notice. If such Non-Selling Partner does not consummate the Purchase of such Optioned Interest, (x) the Selling Partner shall be entitled to all expenses of collection and (y) such Non-Selling Partner shall be deemed a "Non-Purchasing Partner" for the duration of this Agreement.

7.9 Transfer to Management Entity

Notwithstanding any other provision of this Agreement, Rodeo, Inc. may, on the date hereof or within ninety (90) days from the date hereof sell up to 1.98% of the total Partnership Interests as of that date (the "Management Sale") to the Management Entity. The Management Sale shall be on substantially the same economic terms as the initial capital contribution of each of Sable, Kafu, E-Holdings, Strome, Strome Hedgecap, Raymond and the Management Entity.

ARTICLE VIII
DISSOLUTION AND LIQUIDATION

8.1 Dissolution of Partnership

(a) The Partnership shall be dissolved and its affairs wound up upon the first to occur of the following events:

(i) the written election of the General Partner, in its sole discretion, to dissolve the Partnership;

(ii) the occurrence of any event that results in the General Partner ceasing to be the general partner of the Partnership under the Act, provided that the Partnership will not be dissolved and required to be wound up in connection with any such event if (A) at the time of the occurrence of such event there is at least one remaining general partner of the Partnership who is hereby authorized to and does carry on the business of the Partnership, or (B) within 90 days after the occurrence of such event, all of the Limited Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such event, if required, of one or more additional general partners of the Partnership;

(iii) the Transfer of all or substantially all of the assets of the Partnership and the receipt and distribution of all the proceeds therefrom;

(iv) at any time that there are no limited partners of the Partnership, unless the business of the Partnership is continued in accordance with the Act; and

(v) the entry of a decree of judicial dissolution under Section 17-802 of the Act.

(b) The withdrawal, death, dissolution, retirement, resignation, expulsion, liquidation or bankruptcy of a Partner, the admission to the Partnership of a new General Partner or Limited Partner, the withdrawal of a Partner from the Partnership, or the transfer by a Partner of its Partnership Interest to a third party shall not, in and of itself, cause the Partnership to dissolve.

8.2 Final Accounting

Upon dissolution and winding up of the Partnership, an accounting will be made of the accounts of the Partnership and each Partner and of the Partnership's assets, liabilities and operations from the date of the last previous accounting to the date of such dissolution.

8.3 Distributions Following Dissolution and Termination

(a) Liquidating Trustee. Upon the dissolution of the Partnership, such party as is designated by the General Partner will act as liquidating trustee of the Partnership (the "Liquidating Trustee") and proceed to wind up the business and affairs of the Partnership in accordance with the terms of this Agreement and applicable law. The Liquidating Trustee will use its reasonable best efforts to sell all Partnership assets (except cash) in the exercise of its best judgment under the circumstances then presented, that it deems in the best interest of the Partners. The Liquidating Trustee will attempt to convert all assets of the Partnership to cash so long as it can do so consistently with prudent business practice. The Partners and their respective designees will have the right to purchase any Partnership property to be sold on liquidation, provided that the terms on which such sale is made are no less favorable than would otherwise be available from third parties. The gains and losses from the sale of the Partnership assets, together with all other revenue, income, gain, deduction, expense, loss and credit during

the period, will be allocated in accordance with Article V. A reasonable amount of time shall be allowed for the period of winding up in light of prevailing market conditions and so as to avoid undue loss in connection with any sale of Partnership assets. This Agreement shall remain in full force and effect during the period of winding up. In addition, upon request of the General Partner and if the Liquidating Trustee determines that it would be imprudent to dispose of any non-cash assets of the Partnership, such assets may be distributed in kind to the Partners in lieu of cash, proportionately to their right to receive cash distributions hereunder.

(b) Accounting. The Liquidating Trustee will then cause proper accounting to be made of the Capital Account of each Partner, including recognition of gain or loss on any asset to be distributed in kind as if such asset had been sold for consideration equal to the fair market value of the asset at the time of the distribution. The Partners intend that the allocations provided herein shall result in Capital Account balances in proportion to the Partnership Percentages of the Partners.

(c) Liquidating Distributions. In settling accounts after dissolution of the Partnership, the assets of the Partnership shall be paid to creditors of the Partnership and to the Partners in the following order:

(i) to creditors of the Partnership (including Partners) in the order of priority as provided by law whether by payment or the making of reasonable provision for payment thereof, and in connection therewith there shall be withheld such reasonable reserves for contingent, conditioned or unconditioned liabilities as the Liquidating Trustee in its reasonable discretion deems adequate, such reserves (or balances thereof) to be held and distributed in such manner and at such times as the Liquidating Trustee, in its discretion, deems reasonably advisable; provided, however, that such amounts be maintained in a separate bank account and that any amounts in such bank account remaining after three years be distributed to the Partners or their successors and assigns as if such amount had been available for distribution under Section 8.3(c)(ii); and then

(ii) to the Partners in proportion to the positive balances of their Capital Accounts, as fully adjusted pursuant to Section 3.4, including adjustment for all gains and losses actually or deemed realized upon disposition or distribution of assets in connection with the liquidation and winding up of the Partnership.

(iii) Any distribution to the Partners in liquidation of the Partnership shall be made by the later of the end of the taxable year in which the liquidation occurs or 90 days after the date of such liquidation. For purposes of the preceding sentence, the term "liquidation" shall have the same meaning as set forth in Regulation Section 1.704-2(b)(2)(ii) as in effect at such time and liquidating distributions shall be further deemed to be made pursuant to this Agreement upon the event of a liquidation as defined in such Regulation for which no actual liquidation occurs with a deemed

recontribution by the Partners of such deemed liquidating distributions to the continuing Partnership pursuant to this Agreement.

(d) The provisions of this Agreement, including, without limitation, this Section 8.3, are intended solely to benefit the Partners and, to the fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Partnership, and no such creditor of the Partnership shall be a third-party beneficiary of this Agreement, and no Partner shall have any duty or obligation to any creditor of the Partnership to issue any call for capital pursuant to this Agreement.

8.4 Termination of the Partnership

The Partnership shall terminate when all assets of the Partnership, after payment or due provision for all debts, liabilities and obligations of the Partnership, shall have been distributed to the Partners in the manner provided for in this Article VIII, and the Certificate shall have been canceled in the manner required by the Act.

8.5 No Action for Dissolution

The Limited Partners acknowledge that irreparable damage would be done to the goodwill and reputation of the Partnership if any Limited Partner should bring an action in court to dissolve the Partnership under circumstances where dissolution is not required by Section 8.1. Accordingly, except where the General Partner has failed to cause the liquidation of the Partnership as required by Section 8.1 and except as specifically provided in Section 17-802, each Limited Partner hereby to the fullest extent permitted by law waives and renounces his right to initiate legal action to seek dissolution of the Partnership or to seek the appointment of a receiver or trustee to wind up the affairs of the Partnership, except in the cases of fraud, violation of law, bad faith, gross negligence, willful misconduct or willful violation of this Agreement.

ARTICLE IX
ACCOUNTING; BOOKS AND RECORDS

9.1 Fiscal Year and Accounting Method

The fiscal year and taxable year of the Partnership shall be the calendar year. The Partnership shall use an accrual method of accounting.

9.2 Books and Records

The Partnership shall maintain at its principal office, or such other office as may be determined by the General Partner, all the following:

(a) A current list of the full name and last known business or residence address of each Partner, together with information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each Partner became a Partner of the Partnership;

(b) A copy of the Certificate and this Agreement, including any and all amendments to either thereof, together with executed copies of any powers of attorney pursuant to which the Certificate, this Agreement, or any amendments have been executed;

(c) Copies of the Partnership's Federal, state, and local income tax or information returns and reports, if any, which shall be retained for at least six fiscal years;

(d) The financial statements of the Partnership; and

(e) The Partnership's books and records.

9.3 Delivery to Partners; Inspection

Upon the request of any Limited Partner, for any purpose reasonably related to such Partner's interest as a partner of the Partnership, the General Partner shall cause to be made available to the requesting Partner the information required to be maintained by clauses (a) through (e) of Section 9.2 and such other information regarding the business and affairs and financial condition of the Partnership as any Partner may reasonably request.

9.4 Financial Statements

The General Partner shall cause to be prepared for the Partners at least annually, at the Partnership's expense, financial statements of the Partnership, and its subsidiaries, prepared in accordance with generally accepted accounting principles and audited by a nationally recognized accounting firm. The financial statements so furnished shall include a balance sheet, statement of income or loss, statement of cash flows, and statement of Partners' equity. In addition, the General Partner shall provide on a timely basis to the Partners monthly and quarterly financials, statements of cash flow, any available internal budgets or forecast or other available financial reports, as well as any reports or notices as are provided by the Partnership, or any of its Subsidiaries to any financial institution.

9.5 Filings

At the Partnership's expense, the General Partner shall cause the income tax returns for the Partnership to be prepared and timely filed with the appropriate authorities and to have prepared and to furnish to each Partner such information with respect to the Partnership as is necessary (or as may be reasonably requested by a Partner) to enable the Partners to prepare their Federal, state and local income tax returns. The General Partner, at the Partnership's expense, shall also cause to be prepared and timely filed, with appropriate Federal, state and local regulatory and administrative bodies, all reports required to be filed by the Partnership with those entities under then current applicable laws, rules, and regulations. The reports shall be prepared on the accounting or reporting basis required by the regulatory bodies.

9.6 Non-Disclosure

Each Limited Partner agrees that, except as otherwise consented to by the General Partner in writing, all non-public and confidential information furnished to it pursuant to this Agreement will be kept confidential and will not be disclosed by such Partner, or by any of its agents,

representatives, or employees, in any manner whatsoever, in whole or in part, except that (a) each Partner shall be permitted to disclose such information to those of its agents, representatives, and employees who need to be familiar with such information in connection with such Partner's investment in the Partnership (collectively, "Representatives") and are apprised of the confidential nature of such information, (b) each Partner shall be permitted to disclose information to the extent required by law, legal process or regulatory requirements, so long as such Partner shall have used its reasonable efforts to first afford the Partnership with a reasonable opportunity to contest the necessity of disclosing such information, (c) each Partner shall be permitted to disclose such information to possible purchasers of all or a portion of the Partner's Partnership Interest, provided that such prospective purchaser shall execute a suitable confidentiality agreement in a form approved by the General Partner and containing terms not less restrictive than the terms set forth herein, and (d) each Partner shall be permitted to disclose information to the extent necessary for the enforcement of any right of such Partner arising under this Agreement. Each Partner shall be responsible for any breach of this Section 9.6 by any of its Representatives.

ARTICLE X
NON-COMPETITION

10.1 Non-Competition

Each of the Limited Partners hereby acknowledges that the Partnership and the Master Limited Partnership operate in a competitive business and compete with other Persons operating in the midstream segment of the oil and gas industry for acquisition opportunities. Each of the Limited Partners agrees that during the period that it is a Limited Partner, it shall not, directly or indirectly, use any of the confidential information it receives as a Limited Partner to compete, or to engage in or become interested financially in as a principal, employee, partner, shareholder, agent, manager, owner, advisor, lender, guarantor of any Person that competes in North America with the business conducted by the General Partner, the Partnership and the Master Limited Partnership Each of the Limited Partners also acknowledges that EnCap Investments L.L.C. and Persons that it controls ("EnCap"), Kayne Anderson Capital Advisors L.P. and its Affiliates ("Kayne Anderson") and First Union and its affiliates make and manage investments in the energy industry in the ordinary course of business (such investments "Institutional Investments"). The Limited Partners agree that EnCap, Kayne Anderson and First Union and its affiliates may make Institutional Investments, even if such Institutional Investments are competitive with the Partnership's and its Subsidiaries' business, so long as such Institutional Investments are not in violation of the provisions of Section 9.6 or the second sentence of this Section 10.1 or obligations owed to the Partnership under applicable law with respect to usurption of an opportunity legally belonging to the Partnership or its Subsidiaries. Each of the Limited Partners confirms that the restrictions in this Section 10.1 are reasonable and valid and all defenses to the strict enforcement thereof are hereby waived by each of the Limited Partners. The restrictions contained in this Section 10.1 shall in no way impair the rights granted (i) to JCF pursuant to the Flores Employment Agreement or (ii) to Raymond pursuant to any employment agreement between Raymond and Rodeo.

10.2 Damages

Each of the Limited Partners acknowledges that damages may not be an adequate compensation for the losses which may be suffered by the Partnership as a result of the breach by such Limited Partner of the covenants contained in this Article X and that the Partnership shall be entitled to seek injunctive relief with respect to any such breach in lieu of or in addition to any recourse in damages without the posting of a bond or other security.

10.3 Limitations

In the event that a court of competent jurisdiction decides that the limitations set forth in Section 10.1 hereof are too broad, such limitations shall be reduced to those limitations that such court deems reasonable.

ARTICLE XI
GENERAL PROVISIONS

11.1 Waiver of Default

No consent or waiver, express or implied, by the Partnership or a Partner with respect to any breach or default by the Partnership or a Partner hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by any party of the same provision or any other provision of this Agreement. Failure on the part of the Partnership or a Partner to complain of any act or failure to act of the Partnership or a Partner or to declare such party in default shall not be deemed or constitute a waiver by the Partnership or the Partner of any rights hereunder.

11.2 Amendment of Partnership Agreement

(a) Except as otherwise expressly provided elsewhere in this Agreement, this Agreement shall not be altered, modified or changed except by an amendment approved by the General Partner.

(b) In addition to any amendments otherwise authorized herein, the General Partner may make any amendments to any of the Schedules to this Agreement from time to time to reflect transfers of Partnership Interests and issuances of additional Partnership Interests. Copies of such amendments shall be delivered to the Partners promptly upon execution thereof.

(c) The General Partner shall cause to be prepared and filed any amendment to the Certificate that may be required to be filed under the Act as a consequence of any amendment to this Agreement.

(d) Any modification or amendment to this Agreement or the Certificate made in accordance with this Section 11.2 shall be binding on all Partners.

11.3 No Third Party Rights

Except as provided in Section 6.2 and Section 6.3, none of the provisions contained in this Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Partnership.

11.4 Severability

In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

11.5 Nature of Interest in the Partnership

A Partner's Partnership Interest shall be personal property for all purposes.

11.6 Binding Agreement

Subject to the restrictions on the disposition of Partnership Interests herein contained, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

11.7 Headings

The headings of the sections of this Agreement are for convenience only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

11.8 Word Meanings

The words "herein", "hereinafter", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural, and vice versa, unless the context otherwise requires. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". When verbs are used as nouns, the nouns correspond to such verbs and vice-versa.

11.9 Counterparts

This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

11.10 Entire Agreement

This Agreement contains the entire agreement between the parties hereto and thereto and supersedes all prior writings or agreements with respect to the subject matter hereof.

11.11 Partition

The Partners agree that the Property is not and will not be suitable for partition. Accordingly, each of the Partners hereby irrevocably waives any and all right such Partner may have to maintain any action for partition of any of the Property. No Partner shall have any right to any specific assets of the Partnership upon the liquidation of, or any distribution from, the Partnership.

11.12 Governing Law; Consent to Jurisdiction and Venue

This Agreement shall be construed according to and governed by the laws of the State of Delaware without regard to principles of conflict of laws. The parties hereby submit to the exclusive jurisdiction and venue of the state courts of Harris County, Texas or to the Court of Chancery of the State of Delaware and the United States District Court for the Southern District of Texas and of the United States District Court for the District of Delaware, as the case may be, and agree that the Partnership or Partners may, at their option, enforce their rights hereunder in such courts.

[SIGNATURE PAGE FOLLOWS]

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

GENERAL PARTNER:

PLAINS ALL AMERICAN GP LLC

By: ____
Name: ____
Title: ____

LIMITED PARTNERS:

PLAINS ALL AMERICAN INC.

By: ____
Name: ____
Title: ____

SABLE INVESTMENTS, L.P.

By: Sable Investments, LLC, its general partner

By: ____
Name: ____
Title: ____

E-HOLDINGS III, L.P.

By: E-Holdings III GP, LLC, its general partner

By: ____
Name: ____
Title: ____

KAFU HOLDINGS, LP

By: Kafu Holdings, LLC, its general partner

By: ____
Name: ____
Title: ____

PAA MANAGEMENT L.P.

By: PAA Management LLC, its general partner

By: ____
Name: ____
Title: ____

MARK E. STROME

____

STROME HEDGECAP FUND, L.P.

By: Strome Investment Management, L.P., its general partner

By: SSCO, Inc., its general partner

By: ____
Name: ____
Title: ____

JOHN T. RAYMOND

____

SCHEDULE I

Partners, Capital Contributions and Percentage Interests

General Partner:

Name and Address	Cash Contributed	Gross Asset Value	Initial Capital Accounts/ Total Capital Contribution	Percentage Interest	Unit Percentages
Plains All American GP LLC	$405,000	$345,000	$750,000	1%	0

Limited Partners:

Name and Address	Cash Contributed	Gross Asset Value	Total Capital Contribution	Percentage Interest	Unit Percentages
Plains All American Inc.	0	$34,155,000	$34,155,000	45.540%	63.889%
Sable Investments, L.P.	$14,107,500		$14,107,500	18.810%	13.750%
E-Holdings III, L.P.	$ 6,682,500		$ 6,682,500	8.910%	6.250%
Kafu Holdings, L.P.	$14,701,500		$14,701,500	19.602%	13.194%
PAA Management, L.P.	$ 1,485,000		$ 1,485,000	1.980%	0
Mark E. Strome	$ 1,584,495		$ 1,584,495	2.113%	1.482%
Strome Hedgecap Fund, L.P.	$ 791,505		$ 791,505	1.055%	0.740%
John T. Raymond	$ 742,500		$ 742,500	0.990%	0.694%

Exhibit 3.2

EXECUTION COPY

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AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

PLAINS ALL AMERICAN GP LLC

dated as of June 8, 2001

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EXECUTION COPY

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EXECUTION COPY

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF PLAINS ALL AMERICAN GP LLC

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of Plains All American GP LLC, a Delaware limited liability company (the "Company"), is made and entered into as of the 8/th/ day of June, 2001 by and among the Persons executing this Agreement on the signature pages hereto as a member (together with such other Persons that may hereafter become members as provided herein, referred to collectively as the "Members" or, individually, as a "Member").

WHEREAS, Plains All American Inc., a Delaware corporation ("Rodeo, Inc."), as the Company's initial member, formed the Company on May 21, 2001 as a limited liability company under the Act (as defined below) by causing a certificate of formation of the Company to be filed with the Delaware Secretary of State and has made a capital contribution of the LLC Incentive Distribution Rights (as defined in the Transfer Agreement (as hereinafter defined)) to the Company;

WHEREAS, Rodeo, Inc. and the other Members desire to enter into this Agreement pursuant to which such other Members shall be admitted to the Company;

WHEREAS, all of the property used in the trade or business of Rodeo, Inc. as General Partner (as defined in the Rodeo, L.P. Partnership Agreement) associated with the headquarter employees described in Section 1(a)(ii) of that certain Pension and Employee Benefits Assumption and Transition Agreement, dated as of the date hereof, by and among Rodeo, Rodeo, Inc. and the Company (the "Transition Agreement") has been transferred by Rodeo to the Company;

WHEREAS, in connection with the Contribution Agreement, the Company will have succeeded to the management and business activities formerly performed by Rodeo, Inc. as General Partner (as defined in the Rodeo, L.P. Partnership Agreement).

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

"Acceptance Notice" shall have the meaning set forth in _Section 9.8(b)_.

"Act" means the Delaware Limited Liability Company Act, 6 _Del. C._ Section 18-101, _et seq._, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to a Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Taxable Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to Regulation Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Agreement" shall have the meaning set forth in the preamble hereof, as the same may be amended from time to time in accordance with the terms hereof.

"Authorized Representative" shall have the meaning set forth in Section 6.1.

"Available Cash" means, with respect to a fiscal quarter, all cash and cash equivalents of the Company at the end of such quarter less the amount of cash reserves that is necessary or appropriate in the reasonable discretion of the Board to (a) provide for the proper conduct of the business of the Company (including reserves for future capital expenditures and for anticipated future credit needs of the Company) subsequent to such quarter or (b) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Company is a party or by which it is bound or its assets or Property is subject; provided, however, that disbursements made by the Partnership to the Company or cash reserves established, increased or reduced after the expiration of such quarter but on or before the date of determination of Available Cash with respect to such quarter shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, during such quarter if the Board so determines in its reasonable discretion.

"Board" means the Board of Directors of the Company.

"Business" means all Hydrocarbon gathering, transportation, terminalling, storage, and marketing and all operations related thereto, including, without limitation, (a) the acquisition, construction, installation, maintenance or remediation and operation of pipelines, gathering lines, compressors, facilities, storage facilities and equipment, and (b) the gathering of Hydrocarbons from fields, interstate and intrastate transportation by pipeline, trucks or barges, tank storage of Hydrocarbons, transferring Hydrocarbons from pipelines and storage tanks to trucks, barges or other pipelines, acquisition of Hydrocarbons at the well or bulk purchase at pipeline and terminal facilities and subsequent resale thereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

"Capital Account" means, with respect to any Member, a separate account established by the Company and maintained for each Member in accordance with Section 3.4 hereof.

"Capital Contribution" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the interests purchased by such Member pursuant to the terms of this Agreement, in return for which the Member contributing such capital shall receive a Membership Interest.

"Cause" shall have the meaning set forth in the Flores Employment Agreement.

"Certificate" means the Certificate of Formation of the Company filed with the Secretary of State of Delaware, as amended or restated from time to time.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Company" shall have the meaning set forth in the preamble hereof.

"Company Affiliate" shall have the meaning set forth in Section 8.2.

"Compensatory Units" shall have the meaning set forth in Section 3.4(v).

"Credit Agreements" shall have the meaning set forth in the Transfer Agreement, as such credit agreements may be amended, modified or supplemented from time to time, including, without limitation, amendments, modifications, supplements and restatements thereof giving effect to increases, renewals, extensions, refundings, deferrals, restructurings, replacements or refinancings of, or additions to, the arrangements provided in such credit agreements.

"Depreciation" means, for each Taxable Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Taxable Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Taxable Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Taxable Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

"Directors" shall have the meaning set forth in Section 7.1(a).

"E-Holdings" means E-Holdings III, L.P., a Texas limited partnership.

"Employees" shall have the meaning set forth in Section 13.2.

"EnCap" shall have the meaning set forth in Section 13.1.

"Encumbrance" means any security interest, pledge, mortgage, lien (including, without limitation, environmental and tax liens), charge, encumbrance, adverse claim, any defect or

imperfection in title, preferential arrangement or restriction, right to purchase, right of first refusal or other burden or encumbrance of any kind, other than those imposed by this Agreement.

"Flores Employment Agreement" means the Employment Agreement dated May 8, 2001 between JCF and Rodeo.

"First Refusal Notice" shall have the meaning set forth in Section 9.8(a).

"First Union" shall have the meaning set forth in Section 9.1.

"General Partner's Percentage" means the "Percentage Interest" as to the "General Partner" (with respect to its "General Partner Interest") as such terms are defined in the Rodeo L.P. Partnership Agreement.

"Good Reason" shall have the meaning set forth in the Flores Employment Agreement.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows and as otherwise provided in Section 3.2(b):

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as reasonably determined by the Board; provided, however, that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 3.1 hereof shall be as set forth in such section or the schedule referred to therein;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as reasonably determined by the Board as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); and

(c) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as reasonably determined by the Board.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (b), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"Hydrocarbons" means crude oil, natural gas, casinghead gas, condensate, sulphur, natural gas liquids, plant products, liquefied petroleum gas and other liquid or gaseous hydrocarbons produced in association therewith, including, without limitation, coalbed methane and gas and CO_2.

"Independent Director" means a Director who is eligible to serve on the Conflicts Committee (as defined, and provided for, in the Rodeo, L.P. Partnership Agreement) and is otherwise independent as defined in Sections 303.01(B)(2)(a) and (3) or any successor provisions of the listing standards of the New York Stock Exchange.

"Initial Capital Contribution Date" means the earlier to occur of (i) the Closing Date (as defined in the Transfer Agreements), or (ii) such date as may be determined by the Board upon not less than three Business Days' notice to the Members of such date.

"Initial Designating Members" means Rodeo, Inc., E-Holdings, Kafu and Sable.

"Initial Directors" shall have the meaning set forth in Section 7.1(a)(i).

"Initial Members" means Rodeo, Inc., E-Holdings, Kafu, Sable, Management Entity, Strome, Strome Hedgecap and Raymond.

"JCF" means James C. Flores.

"Kafu" means KAFU Holdings, LP, a Delaware limited partnership.

"Kayne Anderson" shall have the meaning set forth in Section 13.1.

"Limited Partnership Interest" means, with respect to a Member, such Member's limited partnership interest in the Partnership, which refers to all of such Member's rights and interests in the Partnership in such Member's capacity as a limited partner thereof, all as provided in the Partnership Agreement and the Delaware Revised Uniform Limited Partnership Act.

"Liquidating Trustee" shall have the meaning set forth in Section 10.3.

"LLC Incentive Distribution Rights" has the meaning set forth in the Transfer Agreement.

"Losses" has the meaning set forth in the definition of "Profits" and "Losses".

"Majority in Interest" means, with respect to the Members or to any specified group or class of Members, Members owning more than fifty percent (50%) of the total Percentage Interests held by all Members or such specified group or class of Members, as applicable.

"Management Entity" shall mean PAA Management, L.P.

"Management Sale" shall have the meaning set forth in Section 9.10.

"Member" or "Members" shall have the meaning set forth in the preamble hereof.

"Membership Interest" means a Member's limited liability company interest in the Company which refers to all of a Member's rights and interests in the Company in such Member's capacity as a Member, all as provided in this Agreement and the Act.

"Membership Transfer" shall have the meaning set forth in Section 9.1(b).

"Non-Selling Members" shall have the meaning set forth in Section 9.8(b).

"Notice" means a writing, containing the information required by this Agreement to be communicated to a party, and shall be deemed to have been received (a) when personally delivered or sent by telecopy, (b) one day following delivery by overnight delivery courier, with all delivery charges pre-paid, or (c) on the third Business Day following the date on which it was sent by United States mail, postage prepaid, to such party at the address or fax number, as the case may be, of such party as shown on the records of the Company.

"Offer" shall have the meaning set forth in Section 9.8(a).

"Offeror" shall have the meaning set forth in Section 9.8(a).

"Officer" shall have the meaning set forth in Section 7.8.

"Optioned Interest" shall have the meaning set forth in Section 9.8(a).

"Partnership" means Plains AAP, L.P., a Delaware limited partnership.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of the date hereof, by and between the Company, as the general partner, Rodeo, Inc., Sable Investments, L.P., E-Holdings, Kafu, Management Entity, Raymond, Strome, Strome Hedgecap and any other Persons who become partners in the Partnership as provided therein, as amended from time to time in accordance with the terms thereof.

"Partnership Transfer" shall have the meaning set forth in Section 9.1(b).

"Percentage Interest" of a Member means the aggregate percentage of Membership Interests of such Member set forth on Schedule 1 hereto, as the same may be modified from time to time as provided herein.

"Permitted Transfer" shall mean:

(a) a Transfer of any or all of the Membership Interest by any Member who is a natural person to (i) such Member's spouse, children (including legally adopted children and stepchildren), spouses of children or grandchildren or spouses of grandchildren; (ii) a trust for the benefit of the Member and/or any of the Persons described in clause (i); or (iii) a limited partnership or limited liability company whose sole partners or members, as the case may be, are the Member and/or any of the Persons described in clause (i) or clause (ii); provided, that in any of clauses (i), (ii) or (iii), the Member transferring such Membership Interest, or portion thereof, retains exclusive power to exercise all rights under this Agreement;

(b) a Transfer of any or all of the Membership Interest by any Member to the Company; or

(c) a Transfer of any or all of the Membership Interest by a Member to any Affiliate of such Member; provided, however, that such transfer shall be a Permitted Transfer only so long as such Membership Interest, or portion thereof, is held by such Affiliate or is otherwise transferred in another Permitted Transfer.

Provided, however, that no Permitted Transfer shall be effective unless and until the transferee of the Membership Interest, or portion thereof, so transferred complies with Sections 9.1(b). Except in the case of a Permitted Transfer pursuant to clause (b) above, from and after the date on which a Permitted Transfer becomes effective, the Permitted Transferee of the Membership Interest, or portion thereof, so transferred shall have the same rights, and shall be bound by the same obligations, under this Agreement as the transferor of such Membership Interest, or portion thereof, and shall be deemed for all purposes hereunder a Member and such Permitted Transferee shall, as a condition to such Transfer, agree in writing to be bound by the terms of this Agreement. No Permitted Transfer shall conflict with or result in any violation of any judgment, order, decree, statute, law, ordinance, rule or regulation or require the Company, if not currently subject, to become subject, or if currently subject, to become subject to a greater extent, to any statute, law, ordinance, rule or regulation, excluding matters of a ministerial nature that are not materially burdensome to the Company.

"Permitted Transferee" shall mean any Person who shall have acquired and who shall hold a Membership Interest, or portion thereof, pursuant to a Permitted Transfer.

"Person" means any individual, partnership, corporation, limited liability company, trust, incorporated or unincorporated organization or other legal entity of any kind.

"Profits" and "Losses" means, for each Taxable Year, an amount equal to the Company's net taxable income or loss for a taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in computing such taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Taxable Year, computed in accordance with the definition of Depreciation; and

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Sections 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses.

"Property" means all assets, real or intangible, that the Company may own or otherwise have an interest in from time to time.

"Raymond" means John T. Raymond.

"Regulations" means the regulations, including temporary regulations, promulgated by the United States Department of Treasury with respect to the Code, as such regulations are amended from time to time, or corresponding provisions of future regulations.

"Regulatory Allocations" shall have the meaning set forth in Section 5.3(c).

"Rodeo" means Plains Resources Inc., a Delaware corporation.

"Rodeo, Inc." shall have the meaning set forth in the preamble hereof.

"Rodeo, L.P." means Plains All American Pipeline, L.P., a Delaware limited partnership.

"Rodeo, L.P. Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of Rodeo, L.P., as amended from time to time.

"Sable" means Sable Investments, L.P.

A "Sable Change of Control" shall be deemed to occur if: any Person or "Group" (as such term is used in Section 13(d) of the Exchange Act), other than JCF or any entity or entities controlled by JCF, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), of (a) more than 50% of the general or limited partnership interests in Sable or (b) stock or other equity interests of any legal entity that controls Sable representing more than 50% of the voting interests entitled to vote generally for the election of the board of directors or other governing body of such entity.

"Selling Member" shall have the meaning set forth in Section 9.8(a).

"Strome" means Mark E. Strome.

"Strome Hedgecap" means Strome Hedgecap Fund, L.P.

"Subsidiary" means, with respect to a Person, any corporation, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a partnership, association or other business entity, a majority of either (x) the partnership or other similar ownership interest thereof or (y) the stock or equity interest of such partnership, association or other business entity's general partner, managing member or other similar controlling Person, is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this Agreement, with respect to the Company, each of the Partnership and Rodeo, L.P., and each of their respective Subsidiaries, shall be a Subsidiary of the Company.

"Super Majority in Interest" means Members owning Membership Interests with Percentage Interests aggregating at least 66 2/3%

"Taxable Year" shall mean the calendar year.

"Tax Matters Member" shall have the meaning set forth in Article 11.

"Transfer" or "Transferred" means to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, voluntarily or involuntarily, by operation of law or otherwise. When referring to a Membership Interest, "Transfer" shall mean the Transfer of such Membership Interest whether of record, beneficially, by participation or otherwise.

"Transfer Agreements" means those certain Unit Transfer and Contribution Agreements, dated as of May 8, 2001, by and among PAAI LLC, Rodeo, Rodeo, Inc. and each of (i) Sable, Sable Holdings, L.P. and JCF; (ii) E-Holdings; (iii) Kafu Holdings, LLC; (iv) Strome; (v) Strome Hedgecap; and (vi) Raymond, as may be amended from time to time.

"Transition Agreement" has the meaning set forth in the preamble hereof.

ARTICLE 2
GENERAL

2.1 Formation. The name of the Company is Plains All American GP LLC. The rights and liabilities of the Members shall be as provided in the Act for Members except as provided herein. To the extent that the rights or obligations of any Member are different by

reason of any provision of this Agreement than they would be in the absence of such provision, to the extent permitted by the Act, this Agreement shall control.

2.2 Principal Office. The principal office of the Company shall be located at 333 Clay Street, 29th Floor, Houston, Texas 77002 or at such other place(s) as the Board may determine from time to time.

2.3 Registered Office and Registered Agent. The location of the registered office and the name of the registered agent of the Company in the State of Delaware shall be as stated in the Certificate or as determined from time to time by the Board.

2.4 Purpose of the Company. The Company's purposes, and the nature of the business to be conducted and promoted by the Company, are (a) to act as the general partner of the Partnership in accordance with the terms of the Partnership Agreement and (b) to engage in any and all activities necessary, advisable, convenient or incidental to the foregoing.

2.5 Date of Dissolution. The Company shall have perpetual existence unless the Company is dissolved pursuant to Article 10 hereof. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Act.

2.6 Qualification. The President and Chief Executive Officer, any Vice President, the Secretary and any Assistant Secretary of the Company is hereby authorized to qualify the Company to do business as a foreign limited liability company in any jurisdiction in which the Company may wish to conduct business and each is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file any amendments or restatements of the Certificate and any other certificates and any amendments or restatements thereof necessary for the Company to so qualify to do business in any such state or territory.

2.7 Members.

(a) Powers of Members. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement. Except as expressly provided herein, the Members shall have no power to bind the Company and no authority to act on behalf of the Company.

(b) Partition. Each Member waives any and all rights that it may have to maintain an action for partition of the Company's Property.

(c) Resignation. Except upon a Transfer of all of its Membership Interests in accordance with this Agreement, a Member may not resign from the Company prior to the dissolution and winding up of the Company. A Member ceases to be a Member only upon: (i) a Permitted Transfer of all of such Member's Membership Interest and the transferee's admission as a substitute Member, all in accordance with the terms of this Agreement, or (ii) completion of dissolution and winding up of the Company pursuant to Article 10.

(d) Ownership. Each Member shall be entitled to receive a Membership Interest in exchange for a Capital Contribution. Each Membership Interest shall correspond to a "limited liability company interest" as is provided in the Act. The Company shall be the owner of the

Property. No Member shall have any ownership interest or right in the Property, including Property conveyed by a Member to the Company, except indirectly by virtue of a Member's ownership of a Membership Interest.

2.8 Reliance by Third Parties. Except with respect to certain tax matters, Persons dealing with the Company shall be entitled to rely conclusively upon the power and authority of an Officer.

ARTICLE 3
CAPITALIZATION OF THE COMPANY

3.1 Initial Capital Contributions. On June 8, 2001, Rodeo, Inc. made a Capital Contribution to the capital of the Company consisting of the LLC Incentive Distribution Rights. On the Initial Capital Contribution Date, each Initial Member shall make a Capital Contribution to the capital of the Company consisting of cash as set forth opposite such Member's name on Schedule 1 hereto, which shall immediately be distributed to Rodeo, Inc. The initial Percentage Interest of such Member following such Capital Contribution on the Initial Capital Contribution Date shall be as set forth on Schedule 1 hereto, which shall be amended from time to time in accordance with the terms hereof (including, but not limited to, upon the making of additional Capital Contributions pursuant to Section 3.2(b)) to reflect appropriate adjustments to such Percentage Interests and Capital Contributions.

3.2 Additional Capital Contributions.

(a) Except as set forth in Section 3.1 and for Capital Contributions from each Member in proportion to such Member's then outstanding Percentage Interest in respect of the General Partner's Percentage for equity issuances by Rodeo, L.P., and for equity issuances approved pursuant to Section 7.9(b)(ii), no Member shall be required to make any additional Capital Contribution.

(b) Subject to the approval of a Majority in Interest pursuant to Section 7.9, the Company may offer additional Membership Interests to any Person with the approval of the Board. Such approval of the Majority in Interest shall also include their approval of any related valuations of Gross Asset Value by the Board and, if such Majority in Interest approves such issuance without approving such valuation, Gross Asset Value shall be determined by a third Person familiar with the valuation of such transactions selected by the Majority in Interest not later than ten (10) days after their approval of such issuance or, if the Majority in Interest fails to so select a third Person, then such third Person will be selected in accordance with the rules and procedures of the American Arbitration Association in Houston, Texas. If any additional Capital Contributions are made by Members but not in proportion to their respective Percentage Interests, the Percentage Interest of each Member shall be adjusted such that each Member's revised Percentage Interest determined immediately following each such additional Capital Contribution shall be equal to a fraction (i) the numerator of which is the sum of (A) the positive Capital Account balance of the Member determined immediately preceding the date such additional Capital Contribution is made (such Capital Account to be computed by adjusting the book value for Capital Account purposes of each Company asset to equal its Gross Asset Value as of such date, as provided in subparagraph (b) of the definition herein of "Gross Asset Value"),

and (B) such additional Capital Contribution, if any, made by such Member, and (ii) the denominator of which is the sum of the positive Capital Account balances immediately preceding the date such additional Capital Contribution is made plus additional Capital Contributions of all Members on the date of such additional Capital Contribution, including Capital Contributions of any new Members (in each case calculated as provided in (i) above). The names, addresses and Capital Contributions of the Members shall be reflected in the books and records of the Company.

3.3 Loans.

(a) No Member shall be obligated to loan funds to the Company. Loans by a Member to the Company shall not be considered Capital Contributions. The amount of any such loan shall be a debt of the Company owed to such Member in accordance with the terms and conditions upon which such loan is made.

(b) A Member may (but shall not be obligated to) guarantee a loan made to the Company. If a Member guarantees a loan made to the Company and is required to make payment pursuant to such guarantee to the maker of the loan, then the amounts so paid to the maker of the loan shall be treated as a loan by such Member to the Company and not as an additional Capital Contribution.

3.4 Maintenance of Capital Accounts.

(a) The Company shall maintain for each Member a separate Capital Account with respect to the Membership Interest owned by such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited (A) such Member's Capital Contributions, (B) such Member's share of Profits and (C) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Regulation Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and only to the extent) principal payments are made on the note, all in accordance with Regulation Section 1.704-1(b)(2)(iv)(d)(2);

(ii) To each Member's Capital Account there shall be debited (A) the amount of money and the Gross Asset Value of any Property distributed or treated as an advance distribution to such Member pursuant to any provision of this Agreement (including without limitation any distributions pursuant to Section 4.1), (B) such Member's share of Losses and (C) the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company;

(iii) In the event Membership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the

transferor to the extent such Capital Account relates to the Transferred Membership Interests; and

(iv) In determining the amount of any liability for purposes of Sections 3.4(a)(i) and (ii) there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(v) For purposes hereof, the Capital Account of Rodeo, Inc. shall be increased by the fair market value of the subordinated units in Rodeo, L.P. delivered to employees of the Company by Rodeo or an affiliate of Rodeo pursuant to Section 1(d)(ii) of the Transition Agreement of even date herewith (the "Compensatory Units") and by an amount equal to the payment of transition bonuses to employees of the Company pursuant to the Transition Agreement for which a deduction is allocated to Rodeo, Inc. pursuant to Section 5.3(d).

(b) The foregoing Section 3.4(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b) and, to the greatest extent practicable, shall be interpreted and applied in a manner consistent with such Regulation. The Board in its discretion and to the extent otherwise consistent with the terms of this Agreement shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulation Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulation Section 1.704-1(b).

3.5 Capital Withdrawal Rights, Interest and Priority. Except as expressly provided in this Agreement, no Member shall be entitled to (a) withdraw or reduce such Member's Capital Contribution or to receive any distributions from the Company, or (b) receive or be credited with any interest on the balance of such Member's Capital Contribution at any time.

ARTICLE 4
DISTRIBUTIONS

4.1 Distributions of Available Cash. An amount equal to 100% of Available Cash with respect to each fiscal quarter of the Partnership shall be distributed to the Members in proportion to their relative Percentage Interests within forty-five days after the end of such quarter.

4.2 Persons Entitled to Distributions. All distributions of Available Cash to Members for a fiscal quarter pursuant to Section 4.1 shall be made to the Members shown on the records of the Company to be entitled thereto as of the last day of such quarter, unless the transferor and transferee of any Membership Interest otherwise agree in writing to a different distribution and such distribution is consented to in writing by the Board.

4.3 Limitations on Distributions.

(a) Notwithstanding any provision of this Agreement to the contrary, no distributions shall be made except pursuant to this Article 4 or Article 10.

(b) Notwithstanding any provision of this Agreement to the contrary, no distribution hereunder shall be permitted if such distribution would violate Section 18-607 of the Act or other applicable law.

ARTICLE 5
ALLOCATIONS

5.1 Profits. Profits for any Taxable Year shall be allocated:

(a) first, to those Members to which Losses have previously been allocated pursuant to Section 5.2(c) hereof so as to bring each such Member's Capital Account to zero, pro rata in accordance with the sum of each such Member's Losses; and

(b) second, any remaining Profits shall be allocated among the Members in proportion to their respective Percentage Interests.

5.2 Losses. Losses for any Taxable Year shall be allocated:

(a) first, to the Members to which Profits have previously been allocated pursuant to Section 5.1(b) to the extent of such Profits;

(b) second, to Members in proportion to their positive Capital Account balances until such Capital Account balances have been reduced to zero; and

(c) third, any remaining Losses shall be allocated among the Members in proportion to their respective Percentage Interests.

5.3 Regulatory Allocations.

(a) Gross Income Allocation. In the event any Member has an Adjusted Capital Account Deficit at the end of any Taxable Year, such Member shall be specially allocated items of Company income and gain in the amount of such deficit balance as quickly as possible; provided, that an allocation pursuant to this Section 5.3(a) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit balance after all other allocations provided for in this Article 5 have been made.

(b) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided, that an allocation pursuant to this Section 5.3(b)

shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 5 have been made.

(c) Curative Allocations. The allocations set forth in Sections 5.3(a) and (b) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 5.3(c). Therefore, notwithstanding any other provision of this Article 5 (other than the Regulatory Allocations), the Board shall make such offsetting special allocations of income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement and all such items were allocated pursuant to Sections 5.1 and 5.2 without regard to the Regulatory Allocations.

(d) Special Allocation. Rodeo, Inc. shall be allocated any deductions arising from the delivery of Compensatory Units or the payment by Rodeo, Inc. or an affiliate of Rodeo, Inc. of transition bonuses pursuant to the Transition Agreement to employees of the Company.

5.4 Tax Allocations: Code Section 704(c).

(a) Except as otherwise provided herein, for federal income tax purposes, (i) each item of income, gain, loss and deduction shall be allocated among the Members in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 5.1 and 5.2, and (ii) each tax credit shall be allocated to the Members in the same manner as the receipt or expenditure giving rise to such credit is allocated pursuant to Section 5.1 or 5.2.

(b) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition herein of "Gross Asset Value"). The Company shall use the remedial method of allocations specified in Treas. Reg. (S)1.704-3(d), or successor regulations, unless otherwise required by law, with respect to the initial contribution property set forth on Schedule I.

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (b) of the definition herein of "Gross Asset Value", subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(d) Any elections or other decisions relating to such allocations shall be made by the Board in any manner that reasonably reflects the purpose and intention of this Agreement; provided, that the Company, in the discretion of the Board, may make, or not make, "curative" or

"remedial" allocations (within the meaning of the Regulations under Code Section 704(c)) including, but not limited to, "curative" allocations which offset the effect of the "ceiling rule" for a prior Taxable Year (within the meaning of Regulation Section 1.704-3(c)(3)(ii)) and "curative" allocations from disposition of contributed property (within the meaning of Regulation Section 1.704-3(c)(3)(iii)(B)). Allocations pursuant to this Section 5.4 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

5.5 Change in Percentage Interests. In the event that the Members' Percentage Interests change during a Taxable Year, Profits and Losses shall be allocated taking into account the Members' varying Percentage Interests for such Taxable Year, determined on a daily, monthly or other basis as determined by the Board, using any permissible method under Code Section 706 and the Regulations thereunder.

5.6 Withholding. Each Member hereby authorizes the Company to withhold from income or distributions allocable to such Member and to pay over any taxes payable by the Company or any of its Affiliates as a result of such Member's participation in the Company; if and to the extent that the Company shall be required to withhold any such taxes, such Member shall be deemed for all purposes of this Agreement to have received a distribution from the Company as of the time such withholding is required to be paid, which distribution shall be deemed to be a distribution to such Member to the extent that the Member is then entitled to receive a distribution. To the extent that the aggregate of such distributions in respect of a Member for any period exceeds the distributions to which such Member is entitled for such period, the amount of such excess shall be considered a demand loan from the Company to such Member, with interest at the rate of interest per annum that Citibank, N.A., or any successor entity thereto, announces from time to time as its prime lending rate, which interest shall be treated as an item of Company income, until discharged by such Member by repayment, which may be made in the sole discretion of the Board out of distributions to which such Member would otherwise be subsequently entitled. The withholdings referred to in this Section 5.6 shall be made at the maximum applicable statutory rate under applicable tax law unless the Board shall have received an opinion of counsel or other evidence, satisfactory to the Board, to the effect that a lower rate is applicable, or that no withholding is applicable.

ARTICLE 6
MEMBERS' MEETINGS

6.1 Meetings of Members; Place of Meetings. Regular meetings of the Members shall be held on an annual basis or more frequently as determined by a Majority in Interest. All meetings of the Members shall be held at a location either within or outside the State of Delaware as designated from time to time by the Board and stated in the Notice of the meeting or in a duly executed waiver of the Notice thereof. Special meetings of the Members may be held for any purpose or purposes, unless otherwise prohibited by law, and may be called by the Board or by a Majority in Interest. A Member expecting to be absent from a meeting shall be entitled to designate in writing (or orally; provided, that such oral designation is later confirmed in writing) a proxy (an "Authorized Representative") to act on behalf of such Member with respect to such meeting (to the same extent and with the same force and effect as the Member who has

designated such Authorized Representative). Such Authorized Representative shall have full power and authority to act and take actions or refrain from taking actions as the Member by whom such Authorized Representative has been designated. Members and Authorized Representatives may participate in a meeting of the Members by means of conference telephone or other similar communication equipment whereby all Members or Authorized Representatives participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at the meeting, except when a Member or Authorized Representative participates for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

6.2 Quorum; Voting Requirement. The presence, in person or by proxy, of a Majority in Interest of the Members shall constitute a quorum for the transaction of business by the Members. The affirmative vote of a Majority in Interest shall constitute a valid decision of the Members, except where a different vote is required by the Act or this Agreement.

6.3 Proxies. At any meeting of the Members, every Member having the right to vote thereat shall be entitled to vote in person or by proxy appointed by an instrument in writing signed by such Member and bearing a date not more than one year prior to the date of such meeting.

6.4 Action Without Meeting. Any action required or permitted to be taken at any meeting of Members of the Company may be taken without a meeting, without prior notice and without a vote if a consent in writing setting forth the action so taken is signed by Members having not less than the minimum Percentage Interest that would be necessary to authorize or take such action at a meeting of the Members. Prompt Notice of the taking of any action taken pursuant to this Section 6.4 by less than the unanimous written consent of the Members shall be given to those Members who have not consented in writing.

6.5 Notice. Notice stating the place, day and hour of the meeting of Members and the purpose for which the meeting is called shall be delivered personally or sent by mail or by telecopier not less than two (2) Business Days nor more than sixty (60) days before the date of the meeting by or at the direction of the Board or other Persons calling the meeting, to each Member entitled to vote at such meeting.

6.6 Waiver of Notice. When any Notice is required to be given to any Member hereunder, a waiver thereof in writing signed by the Member, whether before, at or after the time stated therein, shall be equivalent to the giving of such Notice.

ARTICLE 7
MANAGEMENT AND CONTROL

7.1 Board of Directors.

(a) (i) Except as otherwise provided hereunder, the business and affairs of the Company shall be managed by or under the direction of the Board, which shall, subject to Section 7.1(a)(iv), consist of seven (7) individuals designated as directors of the Company (the "Directors") as follows: (A) subject to Section 7.1(a)(iv), each Initial Designating Member shall be entitled to designate one (1) Director, (B) a Majority in Interest shall elect two (2) Directors,

both of whom shall be Independent Directors, and (C) the Chief Executive Officer of the Company shall be a Director. As of the date hereof, the Directors shall be the individuals set forth on Schedule 7.1 to this Agreement (the "Initial Directors"), each to hold office until his or her successor is elected pursuant to this Section 7.1(a) or until his or her earlier death, resignation or removal. Subject to Section 7.1(a)(iv), an Initial Designating Member may assign its right to designate a Director in connection with the transfer of all of such Initial Designating Member's Membership Interest to a Permitted Transferee.

(ii) At each annual meeting of the Members and at each special meeting of the Members called for the purpose of electing Directors (subject to the third to last sentence of this Section 7.1(a)(ii), each Member shall be entitled to designate the number of Directors as set forth in Section 7.1(a)(i). Each Member shall cooperate with respect to calling and attending meetings of Members and electing the Directors designated by the Members, including voting in favor of Directors designated pursuant to Section 7.1(a)(i) and any replacement Directors pursuant to Section 7.1(a)(iii); provided, that the failure to hold any such meetings shall not limit or eliminate a Member's right to designate Directors pursuant to Section 7.1(a)(i). The initial term of the Initial Directors, and any successors thereto, shall expire on the third anniversary of the date hereof. Thereafter, Directors shall be elected to serve annual terms expiring on the date of the annual meeting of Members following such election. Each Director shall hold office until his or her successor is elected pursuant to this Section 7.1(a) or until his or her earlier death, resignation or removal. The provisions of Section 7.1(a)(i), (ii) and (iii) are subject to the limitations contained in Section 7.1(a)(iv).

(iii) Any individual designated by a Member as a Director (other than Independent Directors and the Chief Executive Officer of the Company) may be removed at any time, with or without cause, only by such designating Member and the Members shall cooperate with respect to such removal, including voting in favor of such removal. Persons elected as an Independent Director may be removed at any time, with or without cause, by a vote of a Majority in Interest. Subject to Section 7.1(a)(iv), in the event of the death, resignation or removal of a Director (other than an Independent Director, the Chief Executive Officer of the Company), the Member that designated such Director may designate a replacement Director. In the event of the death, resignation or removal of an Independent Director, a Majority in Interest may designate a replacement Director. In the event the individual serving as Chief Executive Officer of the Company no longer holds such office for any reason, such individual shall be automatically removed as a Director and the successor to such individual as Chief Executive Officer of the Company shall, by virtue of such appointment, be designated to replace such individual as a Director.

(iv) Each Initial Designating Member shall have the right to designate a Director pursuant to Section 7.1(a)(i)(A) so long as such Member's Percentage Interest is greater than 10% of all Membership Interests or, in the case of E-Holdings, 9% of all Membership Interests. In the event a Member ceases to have the right to designate a Director pursuant to Section 7.1(a)(i)(A), such individual designated by such Member shall be automatically removed as a Director and any Member with a Percentage Interest of greater than 25% and not otherwise entitled to designate a Director shall designate a replacement Director, or, if there is no such Member, a Majority in Interest shall elect a replacement Director and in either case such Director shall serve a term expiring on the date of the annual meeting of Members following such election

and shall hold office until his or her successor is elected; provided, however, in the event that there is more than one Member with a Percentage Interest greater than 25% and not otherwise entitled to designate a Director, the Member who first accumulated a Percentage Interest of 25% or greater shall be entitled to designate the replacement Director. At such time as no Member has the right to designate Directors pursuant to Section 7.1(a)(i)(A) or this Section 7.1(a)(iv), then the provisions of Sections 7.1(a)(i), (ii) and (iii) and the second sentence of this Section 7.2(a)(iv) shall terminate and the number of Directors comprising the Board shall be seven (7) and shall consist of at least two (2) Independent Directors and the Chief Executive Officer of the Company. All such Directors shall be elected by a Majority in Interest and shall serve annual terms expiring on the date of the annual meeting of Members following such election. Each such Director shall hold office until his or her successor is elected pursuant to this Section 7.1(a)(iv) or until his or her earlier death, resignation or removal. Any Director elected pursuant to this Section 7.1(a)(iv) may be removed, with or without cause, by a Majority in Interest. In the event of the death, resignation or removal of a Director, the remaining Directors may appoint a replacement Director. Notwithstanding any other provision of this Agreement, in no event shall both a Member and its Permitted Transferee be entitled to designate a Director pursuant to Section 7.1(a)(i)(A).

(b) Except as otherwise expressly provided herein, the power and authority granted to the Board hereunder shall include all those necessary or convenient for the furtherance of the purposes of the Company and shall include the power to make or delegate to Officers all decisions with regard to the management, operations, assets, financing and capitalization of the Company.

7.2 Meetings of the Board. The Board may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Board may be called by the Chief Executive Officer or two or more of the Directors upon delivery of written Notice at least ten (10) days prior to the date of such meeting. Special meetings of the Board may be called at the request of the Chief Executive Officer or any two or more of the Directors upon delivery of written Notice sent to each other Director by the means most likely to reach such Director as may be determined by the Secretary in his best judgment so as to be received at least twenty-four (24) hours prior to the time of such meeting. Notwithstanding anything contained herein to the contrary, such Notice may be telephonic if no other reasonable means are available. Such Notices shall be accompanied by a proposed agenda or statement of purpose.

7.3 Quorum and Acts of the Board. A majority of the Directors shall constitute a quorum for the transaction of business at all meetings of the Board, and, except as otherwise provided in this Agreement, the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

7.4 Electronic Communications. Members of the Board, or any committee designated by the Board, may participate in a meeting of the Board or any committee thereof by means of conference telephone or similar communications equipment through which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by conference telephone or similar communications equipment, the meeting shall be deemed to be held at the Company's principal place of business.

7.5 Committees of Directors. The Board, by unanimous resolution of all Directors present and voting at a duly constituted meeting of the Board or by unanimous written consent, may designate one or more committees, each committee to consist of one (1) or more of the Directors. In the event of the disqualification or resignation of a committee member, the Board shall appoint another member of the Board to fill such vacancy. Any such committee, to the extent provided in the Board's resolution, shall have and may exercise all the powers and authority of the Board in the management of the Company's business and affairs subject to any limitations contained herein or in the Act. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

7.6 Compensation of Directors. Each Director shall be entitled to reimbursement from the Company for all reasonable direct out-of-pocket expenses incurred by such Director in connection with attending Board meetings and such compensation as may be approved by a Majority in Interest.

7.7 Directors as Agents. The Board, acting as a body pursuant to this Agreement, shall constitute a "manager" for purposes of the Act. No Director, in such capacity, acting singly or with any other Director, shall have any authority or right to act on behalf of or bind the Company other than by exercising the Director's voting power as a member of the Board, unless specifically authorized by the Board in each instance.

7.8 Officers; Agents. The Board shall have the power to appoint any Person or Persons as the Company's officers (the "Officers") to act for the Company and to delegate to such Officers such of the powers as are granted to the Board hereunder. Any decision or act of an Officer within the scope of the Officer's designated or delegated authority shall control and shall bind the Company (and any business entity for which the Company exercises direct or indirect executory authority). The Officers may have such titles as the Board shall deem appropriate, which may include (but need not be limited to) Chairman of the Board, President, Chief Executive Officer, Executive Vice President, Vice President, Chief Operating Officer, Chief Financial Officer, Treasurer, Controller or Secretary. A Director may be an Officer. The initial Officers are set forth on Schedule 7.4. Unless the authority of an Officer is limited by the Board, any Officer so appointed shall have the same authority to act for the Company as a corresponding officer of a Delaware corporation would have to act for a Delaware corporation in the absence of a specific delegation of authority. The Officers shall hold office until their respective successors are chosen and qualify or until their earlier death, resignation or removal. Any Officer elected or appointed by the Board may be removed at any time by the affirmative

vote of a majority of the Board. Any vacancy occurring in any office of the Company shall be filled by a majority of the Board.

7.9 Matters Requiring Member Approval. (a) Without the prior written consent of a Super Majority in Interest, the Company shall not, and shall not permit any of its Subsidiaries to, effect any:

(i) Merger, consolidation or share exchange into or with any other Person, or any other similar business combination transaction (other than any such transaction entered into solely between the Company and any of its Subsidiaries or among any of them) involving the Company or any of its Significant Subsidiaries (as defined in Rule 1-02(w) of Regulation S-X promulgated by the Securities and Exchange Commission, as amended and which shall be deemed to include Rodeo L.P.) or financial restructuring of the Company or the Partnership; provided, however, that in the event not all Members receive identical consideration, whether in their capacity as a Member or as a limited partner of the Partnership, both in form and amount (in proportion to their Membership Interests or Limited Partner Interests, as the case may be) in such transaction, such transaction shall require the prior written consent of any Member receiving consideration that differs from the consideration to be received by a Majority in Interest;

(ii) voluntary filing for bankruptcy, liquidation, dissolution or winding up of the Company or any of its Subsidiaries or any event that would cause a dissolution or winding up of the Company or any of its Subsidiaries or any consent by the Company or any of its Subsidiaries to any action brought by any other Person relating to any of the foregoing;

(iii) amendment or repeal of the Certificate, the Partnership Agreement or the Partnership's certificate of limited partnership; provided, however, that if any amendment to the Partnership Agreement that would, if proposed with respect to this Agreement, require the prior written consent of a particular Member, then such amendment shall require the prior written consent of such Member in its capacity as a limited partner of the Partnership;

(iv) sale, lease, transfer, pledge or other disposition of all or substantially all of the properties or assets of the Company or the Company and any of its Subsidiaries taken as a whole, other than sales, leases, transfers, pledges or other dispositions of assets in the ordinary course of business or refinancing of the Credit Agreements;

(b) Without the prior written consent of a Majority in Interest, the Company shall not, and shall not permit the Partnership to, effect any:

(i) except for distributions of Available Cash pursuant to Section 4.1 and distributions pursuant to Section 10.3, and distributions required pursuant to the Partnership Agreement (as amended from time to time in accordance with the terms thereof), declaration or payment of any dividends or other distributions on the Membership Interests, partnership interests, capital stock or other debt or equity

securities by the Company or the Partnership, including, without limitation, any dividend or other distribution by means of a redemption or repurchase of such securities;

(ii) other than equity securities issued upon exercise of convertible securities outstanding on the date hereof or subsequently approved pursuant to this Section 7.9, authorization, sale and/or issuance by the Company or the Partnership of any of their respective Membership Interests, partnership interests, capital stock, or other equity securities, whether in a private or public offering, including an initial public offering, or the grant, sale or issuance of other securities (including rights, warrants and options) convertible into, exchangeable for or exercisable for any of their respective Membership Interests, partnership interests, capital stock, or other equity securities, whether or not presently convertible, exchangeable or exercisable;

(iii) (a) incurrence of any indebtedness by the Company or the Partnership, (b) the assumption, incurrence, or undertaking by the Company or the Partnership of, or the grant by the Company or the Partnership of any security (other than a pledge of substantially all of the properties or assets of the Company or the Company and any of its Subsidiaries taken as a whole) for, any financial commitment of any type whatsoever, including without limitation, any purchase, sale, lease, loan, contract, borrowing or expenditure, or (c) the lending of money by the Company or the Partnership to, or the guarantee by the Company or the Partnership of the debts of, any other Person;

(iv) capital expenditures, or commitment to make capital expenditures, in excess of fifteen percent (15%) of the amount budgeted for capital expenditures in any fiscal year by the Company or the Partnership; or

(v) any repurchase or redemption by the Company of any of its Membership Interests, or other debt or equity securities.

ARTICLE 8
LIABILITY AND INDEMNIFICATION

8.1 Limitation on Liability of Members, Directors and Officers. No Member (when not acting in violation of this Agreement or applicable law), Director or Officer shall have any liability to the Company or the Members for any losses sustained or liabilities incurred as a result of any act or omission of such Member, Director or Officer in connection with the conduct of the business of the Company if, in the case of an Officer, the Officer acted in a manner he or she reasonably believed to be in, or not opposed to, the interests of the Company or applicable law and to be within the scope of his or her authority and, in the case of a Member (when not acting in violation of this Agreement or applicable law), Director or Officer, the conduct did not constitute bad faith, fraud, gross negligence or willful misconduct. To the fullest extent permitted by Section 18-1101(c) of the Act, a Director (other than Independent Directors), in performing his or her obligations under this Agreement, shall be entitled to act or omit to act at the direction of the Member who designated such Director, considering only such factors, including the separate interests of the designating Member, as such Director or the designating Member chooses to consider, and any action of a Director or failure to act, taken or omitted in good faith reliance on the foregoing provisions of this Section 8.1 shall not constitute a breach of

any duty including any fiduciary duty on the part of the Director or designating Member to the Company or any other Member or Director. Except as required by the Act, the Company's debts, obligations, and liabilities, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Officer, Member or Director shall be personally responsible for any such debt, obligation or liability of the Company solely by reason of being an Officer, Member or Director. The Members shall be liable to the Company for the capital contributions specified in Section 3.1. No Member shall be responsible for any debts, obligations or liabilities, whether arising in contract, tort or otherwise, of any other Member.

8.2 Indemnification.

(a) The Company shall indemnify and hold harmless the Members (when not acting in violation of this Agreement or applicable law), Directors and Officers (individually a "Company Affiliate") from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which a Company Affiliate may be involved, or threatened to be involved, as a party or otherwise, arising out of or incidental to the business of the Company, regardless of whether a Company Affiliate continues to be a Company Affiliate at the time any such liability or expense is paid or incurred, if, in the case of an Officer, such Officer acted in a manner he or she reasonably believed to be in, or not opposed to, the interests of the Company or applicable law and to be in the scope of his or her authority and, in the case of a Member (when not acting in violation of this Agreement or applicable law), Director or Officer, the conduct of the Member, Director or Officer did not constitute fraud, bad faith, gross negligence or willful misconduct and with respect to any criminal proceeding, had no reason to believe his, her or its conduct was unlawful.

(b) Expenses incurred by a Company Affiliate in defending any claim, demand, action, suit or proceeding subject to Section 8.2(a) shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Company Affiliate to repay such amounts if it is ultimately determined that the Company Affiliate is not entitled to be indemnified as authorized in this Section 8.2.

(c) The indemnification provided by this Section 8.2 shall be in addition to any other rights to which a Company Affiliate may be entitled pursuant to any approval of a Majority in Interest, as a matter of law or equity, or otherwise, and shall continue as to a Company Affiliate who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, and administrators of such Company Affiliate; provided, however, that in the event such Company Affiliate is also an Affiliate of a Member, such Member's Percentage Interest shall be disregarded for purposes of determining a Majority in Interest for purposes of this Section 8.2(c). The Company shall not be required to indemnify any Member in connection with any losses, claims, demands, actions, disputes, suits or proceedings, of any Member against any other Member.

(d) The Company may purchase and maintain directors and officers insurance or similar coverage for its Directors and Officers in such amounts and with such deductibles or self-insured retentions as determined in the sole discretion of the Board.

(e) Any indemnification hereunder shall be satisfied only out of the assets of the Company, and the Members shall not be subject to personal liability by reason of the indemnification provisions under this Section 8.2.

(f) A Company Affiliate shall not be denied indemnification in whole or in part under this Section 8.2 because the Company Affiliate had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement and all material facts relating to such indemnitee's interest were adequately disclosed to the Board at the time the transaction was consummated.

(g) Subject to Section 8.2(c), the provisions of this Section 8.2 are for the benefit of the Company Affiliates and the heirs, successors, assigns and administrators of the Company Affiliates and shall not be deemed to create any rights for the benefit of any other Persons.

(h) Any repeal or amendment of any provisions of this Section 8.2 shall be prospective only and shall not adversely affect any Company Affiliates' rights existing at the time of such repeal or amendment.

ARTICLE 9
TRANSFERS OF MEMBERSHIP INTERESTS

9.1 General Restrictions.

(a) No Member may Transfer all or any part of such Member's Membership Interest to any Person except (i) to a Permitted Transferee pursuant to Section 9.2, (ii) pursuant to the terms of Section 9.8, or (iii) in the case of Kafu, a transfer of up to a 6% Membership Interest to First Union Investors, Inc. ("First Union") within 90 days from the date hereof; provided, however, any such Transfer under (i), (ii) or (iii) above shall comply with the terms of Section 9.1(b). Any purported Transfer of a Membership Interest or a portion thereof in violation of the terms of this Agreement shall be null and void and of no force and effect. Except upon a Transfer of all of a Member's Membership Interest in accordance with this Section 9.1, no Member shall have the right to withdraw as a Member of the Company.

(b) As a condition to a Transfer by a Member of all or any part of such Member's Membership Interest to a transferee as permitted under Section 9.1(a)(i) or (ii), (a "Membership Transfer"), such Member shall simultaneously Transfer (the "Partnership Transfer") to such transferee an amount of such Member's Limited Partnership Interest equal to: (i) such Member's Limited Partnership Interest, multiplied by (ii) a percentage equal to (1) the Percentage Interest of such Member to be Transferred to such transferee, divided by (2) such Member's Percentage Interest immediately before such Transfer. If for any reason the Partnership Transfer does not occur simultaneously with the Membership Transfer, then the Membership Transfer and the Partnership Transfer shall be null and void and of no force and effect.

(c) Notwithstanding any other provision of this Agreement, no Member may pledge, mortgage or otherwise subject its Member Interest to any Encumbrance.

(d) So long as it or its Permitted Transferee remains a Member, Sable may not effect a Sable Change of Control.

(e) In the event that JCF resigns, other than for Good Reason, from his position as Chief Executive Officer of Rodeo, or is terminated for Cause, during the eighteen month period ending November 8, 2002, the occurrence of such event shall be deemed a Transfer to a Non-Qualifying Transferee of the Membership Interest of Sable Investments; provided; however, that fair market value, with respect to such deemed Transfer for purposes of Section 9.2, shall not be less than Sable's initial Capital Contribution.

9.2 Permitted Transferees.

(a) Notwithstanding the provisions of Section 9.8, each Member shall, subject to Section 9.1(b), have the right to Transfer (but not to substitute the transferee as a substitute Member in such Member's place, except in accordance with Section 9.3), by a written instrument, all or any part of a Member's Membership Interest to a Permitted Transferee. Notwithstanding the previous sentence, if the Permitted Transferee is such because it was an Affiliate of the transferring Member at the time of such Transfer or the Transfer was a Permitted Transfer under clause (a) of the definition of Permitted Transfer and, at any time after such Transfer, such Permitted Transferee ceases to be an Affiliate of such Member or such Transfer or such Permitted Transferee ceases to qualify under such clause (a) (a "Non-Qualifying Transferee"), such Transfer shall be deemed to not be a Permitted Transfer and shall be subject to Section 9.8. Pursuant to Section 9.8, such transferring Member, or such transferring Member's legal representative, shall deliver the First Refusal Notice promptly after the time when such transferee ceases to be an Affiliate of such transferring Member, or such Transfer or such Permitted Transferee ceases to qualify under clause (a) of the definition of Permitted Transfer, and such transferring Member shall otherwise comply with the terms of Section 9.8 with respect to such Transfer; provided, that the purchase price for such Transfer for purposes of Section 9.8 shall be an amount agreed upon by such transferring Member and a Majority in Interest (excluding such transferring Member's Percentage Interest) or, if such Member and such Majority in Interest cannot agree on a price within five (5) Business Days after delivery of the First Refusal Notice, such price shall be the fair market value of the Membership Interest transferred pursuant to the Transfer as of the date the transferee ceased to be an Affiliate of such transferring Member or such Transfer or such Permitted Transferee ceases to qualify under clause (a) of the definition of Permitted Transfer (such date, the "Non-Qualifying Date"), as determined at the Company's expense by a nationally recognized investment banking firm mutually selected by such transferring Member and a Majority in Interest (excluding such transferring Member's Percentage Interest). If such transferring Member and such Majority in Interest are unable, within ten (10) days after the expiration of such five (5) Business Day period, to mutually agree upon an investment banking firm, then each of such transferring Member and such Majority in Interest shall choose a nationally recognized investment banking firm and the two investment banking firms so chosen shall choose a third nationally recognized investment banking firm which shall determine the fair market value of the Membership Interest transferred pursuant to such Transfer at the Company's expense. The determination of fair market value

shall be based on the value that a willing buyer with knowledge of all relevant facts would pay a willing seller for all the outstanding equity securities of the Company in connection with an auction for the Company as a going concern and shall not take into account any acquisitions made by the Company or its Affiliates or any other events subsequent to the Non-Qualifying Date and shall not be subject to any discount for a sale of a minority interest. If such transferring Member fails to comply with all the terms of Section 9.8, such Transfer shall be null and void and of no force and effect. No Non-Qualifying Transferee shall be entitled to receive any distributions from the Company on or after the Non-Qualifying Date and any distributions made in respect of the Membership Interests on or after the Non-Qualifying Date and held by such Non-Qualifying Members shall be paid to the Member who transferred such Membership Interest or otherwise to the rightful owner thereof as reasonably determined by the Board.

(b) Unless and until admitted as a substitute Member pursuant to Section 9.3, a transferee of a Member's Membership Interest in whole or in part shall be an assignee with respect to such Transferred Membership Interest and shall not be entitled to participate in the management of the business and affairs of the Company or to become, or to exercise the rights of, a Member, including the right to appoint Directors, the right to vote, the right to require any information or accounting of the Company's business, or the right to inspect the Company's books and records. Such transferee shall only be entitled to receive, to the extent of the Membership Interest Transferred to such transferee, the share of distributions and profits, including distributions representing the return of Capital Contributions, to which the transferor would otherwise be entitled with respect to the Transferred Membership Interest. The transferor shall have the right to vote such Transferred Membership Interest until the transferee is admitted to the Company as a substitute Member with respect to the Transferred Membership Interest.

9.3 Substitute Members. No transferee of all or part of a Member's Membership Interest shall become a substitute Member in place of the transferor unless and until:

(a) Such Transfer is in compliance with the terms of Section 9.1;

(b) the transferee has executed an instrument in form and substance reasonably satisfactory to the Board accepting and adopting, and agreeing to be bound by, the terms and provisions of the Certificate and this Agreement; and

(c) the transferee has caused to be paid all reasonable expenses of the Company in connection with the admission of the transferee as a substitute Member.

Upon satisfaction of all the foregoing conditions with respect to a particular transferee, the President and Chief Executive Officer shall cause the books and records of the Company to reflect the admission of the transferee as a substitute Member to the extent of the Transferred Membership Interest held by such transferee.

9.4 Effect of Admission as a Substitute Member. A transferee who has become a substitute Member has, to the extent of the Transferred Membership Interest, all the rights, powers and benefits of, and is subject to the obligations, restrictions and liabilities of a Member under, the Certificate, this Agreement and the Act. Upon admission of a transferee as a substitute Member, the transferor of the Membership Interest so held by the substitute Member

shall cease to be a Member of the Company to the extent of such Transferred Membership Interest.

9.5 Consent. Each Member hereby agrees that upon satisfaction of the terms and conditions of this Article 9 with respect to any proposed Transfer, the transferee may be admitted as a Member without any further action by a Member hereunder.

9.6 No Dissolution. If a Member Transfers all of its Membership Interest pursuant to this Article 9 and the transferee of such Membership Interest is is admitted as a Member pursuant to Section 9.3, such Person shall be admitted to the Company as a Member effective on the effective date of the Transfer and the Company shall not dissolve pursuant to Section 10.1.

9.7 Additional Members. Subject to Section 3.2 and Section 7.9, any Person acceptable to the Board may become an additional Member of the Company for such consideration as the Board shall determine, provided that such additional Member complies with all the requirements of a transferee under Section 9.3(b) and (c).

9.8 Right of First Refusal. The Members shall have the following right of first refusal:

(a) If at any time any of the Members (a "Selling Member") has received and wishes to accept a bona fide offer (the "Offer") for cash from a third party (the "Offeror") for all or part of such Selling Member's Membership Interest (and a proportionate amount of such Selling Member's Limited Partnership Interest in accordance with Section 9.1(b)), such Selling Member shall give Notice thereof (the "First Refusal Notice") to each of the other Members, other than any Non-Purchasing Members (as hereinafter defined), and the Company. The First Refusal Notice shall state the portion of the Selling Member's Membership Interest and Limited Partnership Interest that the Selling Member wishes to sell (the "Optioned Interest"), the price and all other material terms of the Offer, the name of the Offeror, and certification from the Selling Member affirming that the Offer is bona fide and that the description thereof is true and correct, and that the Offeror has stated that it will purchase the Optioned Interest if the rights of first refusal herein described are not exercised.

(b) Each of the Members other than the Selling Member and any Non-Purchasing Member (the "Non-Selling Members") shall have the right exercisable by Notice (an "Acceptance Notice") given to the Selling Member and the Company within twenty (20) days after receipt of the First Refusal Notice, to agree that it will purchase up to 100% of the Optioned Interest on the terms set forth in the First Refusal Notice; provided, however, if the Non-Selling Members in the aggregate desire to purchase more than 100% of the Optioned Interest, each such Non-Selling Member's right to purchase the Optioned Interest shall be reduced (pro rata based on the percentage of Optioned Interest for which such Non-Selling Member has exercised its right to purchase hereunder compared to all other Non-Selling Members, but not below such Non-Selling Member's Membership Interest as a percentage of the aggregate Membership Interests of all Non-Selling Members who have exercised their right to purchase) so that such Non-Selling Members purchase no more than 100% of the Optioned Interest. If a Non-Selling Member does not submit an Acceptance Notice within the twenty (20) day period set forth in this Section 9.8(b), such Non-Selling Member shall be deemed to have rejected the offer to purchase any portion of the Optioned Interest.

(c) If the Non-Selling Members do not in the aggregate exercise the right to purchase all of the Optioned Interest by the expiration of the twenty (20) day period set forth in Section 9.8(b), then any Acceptance Notice shall be void and of no effect, and the Selling Member shall be entitled to complete the proposed sale at any time in the thirty (30) day period commencing on the date of the First Refusal Notice, but only upon the terms set forth in the First Refusal Notice. If no such sale is completed in such thirty (30) day period, the provisions hereof shall apply again to any proposed sale of the Optioned Interest.

(d) If any Non-Selling Member exercises the right to purchase the Optioned Interest as provided herein and such Non-Selling Member(s) have elected to purchase all of the Optioned Interest, the purchase of such Optioned Interest shall be completed within the thirty (30) day period commencing on the date of delivery of the First Refusal Notice. If such Non-Selling Member does not consummate the Purchase of such Optioned Interest, (x) the Selling Member shall be entitled to all expenses of collection and (y) such Non-Selling Member shall be deemed a "Non-Purchasing Member" for the duration of this Agreement.

9.9 Registration Rights Agreement. Each of the Initial Members as of the date hereof and Rodeo, L.P. shall enter into a Registration Rights Agreement, substantially in the form attached hereto as Exhibit A, on the date hereof.

9.10 Transfer to Management Entity Notwithstanding any other provision of this Agreement, Rodeo, Inc. may, within ninety (90) days from the date hereof sell up to 2% of the total Membership Interests as of that date (the "Management Sale") to the Management Entity. The Management Sale shall be on substantially the same economic terms as the initial capital contribution of each of Sable, Kafu, E-Holdings, Strome, Raymond, Strome Hedgecap and the Management Entity.

ARTICLE 10
DISSOLUTION AND TERMINATION

10.1 Events Causing Dissolution.

(a) The Company shall be dissolved and its affairs wound up upon the first to occur of the following events:

(i) The affirmative vote of a Super Majority in Interest to dissolve;

(ii) The Transfer of all or substantially all of the assets of the Company and the receipt and distribution of all the proceeds therefrom; or

(iii) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act.

(b) The withdrawal, death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member in the Company shall not, in and of itself, cause the Company's dissolution.

10.2 Final Accounting. Upon dissolution and winding up of the Company, an accounting will be made of the accounts of the Company and each Member and of the Company's assets, liabilities and operations from the date of the last previous accounting to the date of such dissolution.

10.3 Distributions Following Dissolution and Termination.

(a) Liquidating Trustee. Upon the dissolution of the Company, such party as is designated by a Majority in Interest will act as liquidating trustee of the Company (the "Liquidating Trustee") and proceed to wind up the business and affairs of the Company in accordance with the terms of this Agreement and applicable law. The Liquidating Trustee will use its reasonable best efforts to sell all Company assets (except cash) in the exercise of its best judgment under the circumstances then presented, that it deems in the best interest of the Members. The Liquidating Trustee will attempt to convert all assets of the Company to cash so long as it can do so consistently with prudent business practice. The Members and their respective designees will have the right to purchase any Company property to be sold on liquidation, provided that the terms on which such sale is made are no less favorable than would otherwise be available from third parties. The gains and losses from the sale of the Company assets, together with all other revenue, income, gain, deduction, expense, loss and credit during the period, will be allocated in accordance with Article 5. A reasonable amount of time shall be allowed for the period of winding up in light of prevailing market conditions and so as to avoid undue loss in connection with any sale of Company assets. This Agreement shall remain in full force and effect during the period of winding up. In addition, upon request of the Board and if the Liquidating Trustee determines that it would be imprudent to dispose of any non-cash assets of the Company, such assets may be distributed in kind to the Members in lieu of cash, proportionately to their right to receive cash distributions hereunder.

(b) Accounting. The Liquidating Trustee will then cause proper accounting to be made of the Capital Account of each Member, including recognition of gain or loss on any asset to be distributed in kind as if such asset had been sold for consideration equal to the fair market value of the asset at the time of the distribution. The Members intend that the allocations provided herein shall result in Capital Account balances in proportion to the Percentage Interests of the Members.

(c) Liquidating Distributions. In settling accounts after dissolution of the Company, the assets of the Company shall be paid to creditors of the Company and to the Members in the following order:

(i) to creditors of the Company (including Members) in the order of priority as provided by law whether by payment or the making of reasonable provision for payment thereof, and in connection therewith there shall be withheld such reasonable reserves for contingent, conditioned or unconditioned liabilities as the Liquidating Trustee in its reasonable discretion deems adequate, such reserves (or balances thereof) to be held and distributed in such manner and at such times as the Liquidating Trustee, in its discretion, deems reasonably advisable; provided, however, that such amounts be maintained in a separate bank account and that any amounts in such bank account remaining after three years be distributed to

the Members or their successors and assigns as if such amount had been available for distribution under Section 10.3(c)(ii); and then
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(ii) to the Members in proportion to the positive balances of their Capital Accounts, as fully adjusted pursuant to Section 3.4, including
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adjustment for all gains and losses actually or deemed realized upon disposition or distribution of assets in connection with the liquidation and winding up of the Company.

(iii) Any distribution to the Members in liquidation of the Company shall be made by the later of the end of the taxable year in which the liquidation occurs or 90 days after the date of such liquidation. For purposes of the preceding sentence, the term "liquidation" shall have the same meaning as set forth in Regulation Section 1.704-1(b)(2)(ii) as in effect at such time and liquidating distributions shall be further deemed to be made pursuant to this Agreement upon the event of a liquidation as defined in such Regulation for which no actual liquidation occurs with a deemed recontribution by the Members of such deemed liquidating distributions to the continuing Company pursuant to this Agreement.

(d) The provisions of this Agreement, including, without limitation, this Section 10.3, are intended solely to benefit the Members and, to the
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fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Company, and no such creditor of the Company shall be a third-party beneficiary of this Agreement, and no Member or Director shall have any duty or obligation to any creditor of the Company to issue any call for capital pursuant to this Agreement.

10.4 Termination of the Company. The Company shall terminate when all
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assets of the Company, after payment or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Members in the manner provided for in this Article 10, and the Certificate shall have been
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canceled in the manner required by the Act.

10.5 No Action for Dissolution. The Members acknowledge that irreparable
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damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. Accordingly, except where the
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Board has failed to cause the liquidation of the Company as required by Section
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10.1 and except as specifically provided in Section 18-802, each Member hereby
- ----
to the fullest extent permitted by law waives and renounces his right to initiate legal action to seek dissolution of the Company or to seek the appointment of a receiver or trustee to wind up the affairs of the Company, except in the cases of fraud, violation of law, bad faith, gross negligence, willful misconduct or willful violation of this Agreement.

ARTICLE 11
TAX MATTERS

11.1 Tax Matters Member. Rodeo, Inc. shall be the Tax Matters Member of the
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Company as provided in the Regulations under Section 6231 of the Code and analogous provisions of state law. The Board shall have the authority to remove or replace the Tax Matters Member of the Company and designate its successor.

11.2 Certain Authorizations. The Tax Matters Member shall represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities including any resulting administrative or judicial proceedings. Without limiting the generality of the foregoing, and subject to the restrictions set forth herein, the Tax Matters Member, but only with the consent of a Majority in Interest, is hereby authorized:

(a) to enter into any settlement agreement with respect to any tax audit or judicial review, in which agreement the Tax Matters Member may expressly state that such agreement shall bind the other Members except that such settlement agreement shall not bind any Member that has not approved such settlement agreement in writing;

(b) if a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes is mailed to the Tax Matters Member, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or elsewhere as allowed by law, or the United States Claims Court;

(c) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(d) to file a request for an administrative adjustment at any time and, if any part of such request is not allowed, to file a petition for judicial review with respect to such request;

(e) to enter into an agreement with the Internal Revenue Service to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

(f) to take any other action on behalf of the Members (with respect to the Company) or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or the Regulations.

Each Member shall have the right to participate in any such actions and proceedings to the extent provided for under the Code and Regulations.

11.3 Indemnity of Tax Matters Member. To the maximum extent permitted by applicable law and without limiting Article 8, the Company shall indemnify and reimburse the Tax Matters Member for all expenses (including reasonable legal and accounting fees) incurred as Tax Matters Member pursuant to this Article 11 in connection with any administrative or judicial proceeding with respect to the tax liability of the Members as long as the Tax Matters Member has determined in good faith that the Tax Matters Member's course of conduct was in, or not opposed to, the best interest of the Company. The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent provided herein or required by law, is a matter in the sole discretion of the Tax Matters Member.

11.4 Information Furnished. To the extent and in the manner provided by applicable law and Regulations, the Tax Matters Member shall furnish the name, address, profits and loss interest, and taxpayer identification number of each Member to the Internal Revenue Service.

11.5 Notice of Proceedings, etc. The Tax Matters Member shall use its reasonable best efforts to keep each Member informed of any administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes or any extension of the period of limitations for making assessments of any tax against a Member with respect to any Company item, or of any agreement with the Internal Revenue Service that would result in any material change either in Profits or Losses as previously reported.

11.6 Notices to Tax Matters Member. Any Member that receives a notice of an administrative proceeding under Section 6233 of the Code relating to the Company shall promptly provide Notice to the Tax Matters Member of the treatment of any Company item on such Member's Federal income tax return that is or may be inconsistent with the treatment of that item on the Company's return. Any Member that enters into a settlement agreement with the Internal Revenue Service or any other government agency or official with respect to any Company item shall provide Notice to the Tax Matters Member of such agreement and its terms within sixty (60) days after the date of such agreement.

11.7 Preparation of Tax Returns. The Tax Matters Member shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items necessary for Federal, state and local income tax purposes and shall use all reasonable efforts to furnish to the Members within ninety (90) days of the close of the taxable year a Schedule K-1 and such other tax information reasonably required for Federal, state and local income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the cash or accrual method of accounting for Federal income tax purposes, as the Board shall determine in its sole discretion in accordance with applicable law.

11.8 Tax Elections. Subject to Section 11.9, a Majority in Interest shall, in its sole discretion, determine whether to make any available election.

11.9 Taxation as a Partnership. No election shall be made by the Company or any Member for the Company to be excluded from the application of any of the provisions of Subchapter K, Chapter I of Subtitle A of the Code or from any similar provisions of any state tax laws or to be treated as a corporation for federal tax purposes.

ARTICLE 12
ACCOUNTING AND BANK ACCOUNTS

12.1 Fiscal Year and Accounting Method. The fiscal year and taxable year of the Company shall be the calendar year. The Company shall use an accrual method of accounting.

12.2 Books and Records. The Company shall maintain at its principal office, or such other office as may be determined by the Board, all the following:

(a) A current list of the full name and last known business or residence address of each Member, and of each member of the Board, together with information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each Member became a Member of the Company;

(b) A copy of the Certificate and this Agreement, including any and all amendments to either thereof, together with executed copies of any powers of attorney pursuant to which the Certificate, this Agreement, or any amendments have been executed;

(c) Copies of the Company's Federal, state, and local income tax or information returns and reports, if any, which shall be retained for at least six fiscal years;

(d) The financial statements of the Company; and

(e) The Company's books and records.

12.3 Delivery to Members; Inspection. Upon the request of any Member, for any purpose reasonably related to such Member's interest as a member of the Company, the Board shall cause to be made available to the requesting Member the information required to be maintained by clauses (a) through (e) of Section 12.2 and such other information regarding the business and affairs and financial condition of the Company as any Member may reasonably request.

12.4 Financial Statements. The Board shall cause to be prepared for the Members at least annually, at the Company's expense, financial statements of the Company, and its subsidiaries, prepared in accordance with generally accepted accounting principles and audited by a nationally recognized accounting firm. The financial statements so furnished shall include a balance sheet, statement of income or loss, statement of cash flows, and statement of Members' equity. In addition, the Board shall provide on a timely basis to the Members monthly and quarterly financials, statements of cash flow, any available internal budgets or forecast or other available financial reports, as well as any reports or notices as are provided by the Company, or any of its Subsidiaries to any financial institution.

12.5 Filings. At the Company's expense, the Board shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities and to have prepared and to furnish to each Member such information with respect to the Company as is necessary (or as may be reasonably requested by a Member) to enable the Members to prepare their Federal, state and local income tax returns. The Board, at the Company's expense, shall also cause to be prepared and timely filed, with appropriate Federal, state and local regulatory and administrative bodies, all reports required to be filed by the Company with those entities under then current applicable laws, rules, and regulations. The reports shall be prepared on the accounting or reporting basis required by the regulatory bodies.

12.6 Non-Disclosure. Each Member agrees that, except as otherwise consented to by the Board in writing, all non-public and confidential information furnished to it pursuant to this Agreement will be kept confidential and will not be disclosed by such Member, or by any of its agents, representatives, or employees, in any manner whatsoever, in whole or in part, except that

(a) each Member shall be permitted to disclose such information to those of its agents, representatives, and employees who need to be familiar with such information in connection with such Member's investment in the Company (collectively, "Representatives") and are apprised of the confidential nature of such information, (b) each Member shall be permitted to disclose information to the extent required by law, legal process or regulatory requirements, so long as such Member shall have used its reasonable efforts to first afford the Company with a reasonable opportunity to contest the necessity of disclosing such information, (c) each Member shall be permitted to disclose such information to possible purchasers of all or a portion of the Member's Membership Interest, provided that such prospective purchaser shall execute a suitable confidentiality agreement in a form approved by the Company containing terms not less restrictive than the terms set forth herein, and (d) each Member shall be permitted to disclose information to the extent necessary for the enforcement of any right of such Member arising under this Agreement. Each Member shall be responsible for any breach of this Section 12.6 by its Representatives.

ARTICLE 13
NON-COMPETITION AND NON-SOLICITATION

13.1 Non-Competition. Each of the Members hereby acknowledges that the Company and Rodeo L.P. operate in a competitive business and compete with other Persons operating in the midstream segment of the oil and gas industry for acquisition opportunities. Each of the Members agrees that during the period that it is a Member, it shall not, directly or indirectly, use any of the confidential information it receives as a Member or which its designee receives as a Director of the Company to compete, or to engage in or become interested financially in as a principal, employee, partner, shareholder, agent, manager, owner, advisor, lender, guarantor of any Person that competes in North America with the business conducted by the Company, the Partnership and Rodeo L.P. Each of the Members also acknowledge that EnCap Investments L.L.C. and Persons that it controls ("EnCap"), Kayne Anderson Capital Advisors L.P. and its Affiliates ("Kayne Anderson") and First Union and its affiliates may make and manage investments in the energy industry in the ordinary course of business (such investments "Institutional Investments"). The Members agree that EnCap, Kayne Anderson and First Union and its affiliates may make Institutional Investments, even if such Institutional Investments are competitive with the Company's and its Subsidiaries' business, so long as such Institutional Investments are not in violation of the provisions of Section 12.6 or the second sentence of this Section 13.1 or obligations owed to the Company under applicable law with respect to usurption of an opportunity legally belonging to the Company or its Subsidiaries. Each of the Members confirms that the restrictions in this Section 13.1 are reasonable and valid and all defenses to the strict enforcement thereof are hereby waived by each of the Members. The restrictions contained in this Section 13.1 shall in no way impair the rights granted (i) to JCF pursuant to the Flores Employment Agreement or (ii) to Raymond pursuant to any employment agreement between Raymond and Rodeo.

13.2 Non-Solicitation. Each of the Members undertakes toward the Company and is obligated, without the prior written consent of the Company, during the period that it is a Member and for a period of one year thereafter, not to solicit or hire, directly or indirectly, in any manner whatsoever (except in response to a general solicitation or a non-directed executive search), in the capacity of employee, consultant or in any other capacity whatsoever, one or more

of the employees, directors or officers or other Persons (hereinafter collectively referred to as "Employees") who at the time of solicitation or hire, or in the 90-day period prior thereto, are working full-time or part-time for the Company or any of its Affiliates and not to endeavor, directly or indirectly, in any manner whatsoever, to encourage any of said Employees to leave his or her job with the Company or any of its Affiliates and not to endeavor, directly or indirectly, and in any manner whatsoever, to incite or induce any client of the Company or any of its Affiliates to terminate, in whole or in part, its business relations with the Company or any of its Affiliates.

13.3 Damages. Each of the Members acknowledges that damages may not be an adequate compensation for the losses which may be suffered by the Company as a result of the breach by such Member of the covenants contained in this Article 13 and that the Company shall be entitled to seek injunctive relief with respect to any such breach in lieu of or in addition to any recourse in damages without the posting of a bond or other security.

13.4 Limitations. In the event that a court of competent jurisdiction decides that the limitations set forth in Section 13.1 hereof are too broad, such limitations shall be reduced to those limitations that such court deems reasonable.

ARTICLE 14
MISCELLANEOUS

14.1 Waiver of Default. No consent or waiver, express or implied, by the Company or a Member with respect to any breach or default by the Company or a Member hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by any party of the same provision or any other provision of this Agreement. Failure on the part of the Company or a Member to complain of any act or failure to act of the Company or a Member or to declare such party in default shall not be deemed or constitute a waiver by the Company or the Member of any rights hereunder.

14.2 Amendment.

(a) Except as otherwise expressly provided elsewhere in this Agreement, this Agreement shall not be altered, modified or changed except by an amendment approved by a Super Majority in Interest; provided, however, that no modification of the terms of this Agreement that (i) increases or extends any financial obligation or liability of a Member, (ii) alters the method of division of profits and losses or a method of distributions made to a Member, (iii) adversely affects a Member's ability to designate Directors or (iv) otherwise adversely affects the obligations or rights of a Member (as a Member under this Agreement) in a manner different than a Majority in Interest shall be effective without the prior written consent of such Member; provided, further, that no amendment of Section 7.3, 7.9(a)(iii), 13.1 or this Section 14.2 that adversely affects the obligations or rights of a Member shall be effective as to any Member without the prior written consent of that Member.

(b) In addition to any amendments otherwise authorized herein, the Board may make any amendments to any of the Schedules to this Agreement from time to time to reflect

transfers of Membership Interests and issuances of additional Membership Interests. Copies of such amendments shall be delivered to the Members upon execution thereof.

(c) The Board shall cause to be prepared and filed any amendment to the Certificate that may be required to be filed under the Act as a consequence of any amendment to this Agreement.

(d) Any modification or amendment to this Agreement or the Certificate made in accordance with this Section 14.2 shall be binding on all Members and the Board.

14.3 No Third Party Rights. Except as provided in Article 8, none of the provisions contained in this Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Company.

14.4 Severability. In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

14.5 Nature of Interest in the Company. A Member's Membership Interest shall be personal property for all purposes.

14.6 Binding Agreement. Subject to the restrictions on the disposition of Membership Interests herein contained, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

14.7 Headings. The headings of the sections of this Agreement are for convenience only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

14.8 Word Meanings. The words "herein", "hereinafter", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural, and vice versa, unless the context otherwise requires. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." When verbs are used as nouns, the nouns correspond to such verbs and vice versa.

14.9 Counterparts. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

14.10 Entire Agreement. This Agreement contains the entire agreement between the parties hereto and thereto and supersedes all prior writings or agreements with respect to the subject matter hereof.

14.11 Partition. The Members agree that the Property is not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all right such

Member may have to maintain any action for partition of any of the Property. No Member shall have any right to any specific assets of the Company upon the liquidation of, or any distribution from, the Company.

14.12 Governing Law; Consent to Jurisdiction and Venue. This Agreement shall be construed according to and governed by the laws of the State of Delaware without regard to principles of conflict of laws. The parties hereby submit to the exclusive jurisdiction and venue of the state courts of Harris County, Texas or to the Court of Chancery of the State of Delaware and the United States District Court for the Southern District of Texas and of the United States District Court for the District of Delaware, as the case may be, and agree that the Company or Members may, at their option, enforce their rights hereunder in such courts.

[SIGNATURE PAGE FOLLOWS]

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

PLAINS ALL AMERICAN, INC.

By: ____
Name:____
Title:____

SABLE INVESTMENTS, L.P.

By: Sable Investments, LLC, its general partner

By: ____
Name:____
Title:____

KAFU HOLDINGS, L.P.

By: Kafu Holdings, LLC, its general partner

By: ____
Name:____
Title:____

E-HOLDINGS III, L.P.

By: E-Holdings III GP, LLC, its general partner

By: ____
Name:____
Title:____

PAA MANAGEMENT, L.P.

By: PAA Management LLC, its general partner

By: ____
Name:____
Title:____

____
John T. Raymond

____
Mark E. Strome

STROME HEDGECAP FUND, L.P.

By: Strome Investment Management, L.P.,
its general partner

By: SSCO, Inc., its general partner

By: ____
Name:___________________________________
Title:__________________________________

SCHEDULE I

Members, Capital Contributions and Percentage Interests

Name and Address	Cash Contributed	Gross Asset Value	Total Capital Contribution	Percentage Interest
Plains All American Inc.	$ 0	$345,000	$345,000	46.000%
Sable Investments, L.P.	$142,500		$142,500	19.000%
Kafu Holdings, L.P.	$148,500		$148,500	19.800%
E-Holdings III, L.P.	$ 67,500		$ 67,500	9.000%
PAA Management, L.P.	$ 15,000		$ 15,000	2.000%
Mark E. Strome	$ 16,005		$ 16,005	2.134%
Strome Hedgecap Fund, L.P.	$ 7,995		$ 7,995	1.066%
John T. Raymond	$ 7,500		$ 7,500	1.000%

EXECUTION COPY

SCHEDULE 7.1

Initial Directors

Greg L. Armstrong

John T. Raymond

Robert V. Sinnott

Everardo Goyanes

Arthur L. Smith

Gary R. Petersen

Taft Symonds

EXECUTION COPY

SCHEDULE 7.4

Initial Slate of Officers

Name	Title
Greg L. Armstrong	Chairman and Chief Executive Officer
Harry N. Pefanis	President and Chief Operating Officer
Phil Kramer	Executive Vice President and Chief Financial Officer
George R. Coiner	Senior Vice President
Tim Moore	Vice President, General Counsel and Secretary
Mark F. Shires	Vice President - Operations
Al Lindseth	Vice President - Administration
Al Swanson	Treasurer
Lawrence J. Dreyfuss	Associate General Counsel and Assistant Secretary

Exhibit 4.1

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made as of June 8, 2001 (this "Agreement"), among Plains All American Pipeline, L.P., a Delaware limited partnership (the "Issuer"), Sable Holdings, L.P., a Delaware limited partnership ("Sable"), E-Holdings III, L.P., a Texas limited partnership ("E-Holdings"), KAFU Holdings, LP, a Delaware limited partnership ("Kafu"), PAA Management, L.P., a Delaware limited partnership ("Management Entity"), Mark E. Strome ("Strome"), Strome Hedgecap Fund, L.P., a Delaware limited partnership ("Strome Hedgecap"), John T. Raymond ("Raymond") and Plains All American Inc., a Delaware corporation ("PAAI" and together with Sable, E-Holdings, Kafu, Management Entity, Strome, Strome Hedgecap and Raymond and their permitted transferees, the "Holders" and each a "Holder").

W I T N E S S E T H:

WHEREAS, each of Sable, E-Holdings, Kafu, Strome, Strome Hedgecap and Raymond has entered into Unit Transfer and Contribution Agreements (the "Unit Transfer and Contribution Agreements");

WHEREAS, the Management Entity may acquire Registerable Securities pursuant to a management incentive plan; and

WHEREAS, as a condition to the closing of the transactions contemplated by the Unit Transfer and Contribution Agreements the Holders have each requested that the Issuer extend to it certain registration rights, and the Issuer and Holders desire to enter into this Agreement in connection therewith.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties, covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Commission" shall mean the Securities and Exchange Commission or any successor governmental body or agency.

"Common Unit" shall have the meaning ascribed thereto in the Partnership Agreement.

"Demand Registration" shall have the meaning ascribed thereto in Section 2.1(a).

"Demand Request" shall have the meaning ascribed thereto in Section 2.1(a).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Form S-3" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the Commission which permits inclusion or incorporation of substantial information by reference to other documents filed by the Issuer with the Commission.

"Form S-3 Request" shall have the meaning ascribed thereto in Section 2.1(f).

"Loss" shall have the meaning ascribed thereto in Section 2.7(a).

"Partnership Agreement" shall mean that certain Second Amended and Restated Agreement of Limited Partnership of Plains All American Pipeline, L.P. dated as of November 23, 1998, as amended, modified, supplemented or restated from time to time.

"Person" shall mean any natural person, firm, individual, business trust, association, corporation, partnership, joint venture, company, limited liability company, unincorporated entity or other entity.

"Registrable Securities" shall mean Common Units at any time beneficially owned by any Holder whether now owned or hereafter acquired, including, without limitation, Common Units issued or issuable upon conversion of Subordinated Units and any units or other securities into which or for which such Common Units may hereafter be changed, converted or exchanged and any other units or securities issued to Holders of such Common Units (or such units or other securities into which or for which such units are so changed, converted or exchanged) upon any reclassification, combination, subdivision, dividend, exchange, merger, consolidation or similar transaction or event. Notwithstanding the foregoing, as to any particular Registrable Securities, such Registrable Securities shall cease to be Registrable Securities as soon as (i) such Registrable Securities have been sold or otherwise disposed of pursuant to a registration statement that was filed with the Commission in accordance with this Agreement and declared effective under the Securities Act, (ii) such Registrable Securities shall have been otherwise sold, transferred or disposed of by a Holder to any Person that is not a Holder, (iii) such Registrable Securities have been sold in a transaction exempt from the Securities Act under Section 4(1) thereof so that all transfer restrictions and restrictive legends with respect thereto are removed upon the consummation of such sale, (iv) such Registrable Securities are in the opinion of counsel reasonably acceptable to Holder able to be sold pursuant to Rule 144(k); or (v) such Registrable Securities are held by a Holder that does not "beneficially own" more than 1% of the outstanding Common Units and such Common Units are able to be sold under Rule 144 (other than Rule 144(k)).

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance with any registration of securities pursuant to Article 2, including, without limitation, (i) all expenses, including filing fees, in connection with the preparation, printing and filing of one or more registration statements hereunder; (ii) the fees, disbursements and expenses

of the Issuer's counsel and accountants (including in connection with the delivery of opinions and/or comfort letters) in connection with this Agreement and the performance of the Issuer's obligations hereunder; (iii) the reasonable fees, disbursements and expenses of one counsel for the Selling Holders (not to exceed $15,000 for any one registration) selected by them with the approval of the Issuer (which shall not be unreasonably withheld); (iv) the cost of printing or producing any agreements among underwriters, underwriting agreements, and blue sky or legal investment memoranda (which shall not include legal fees of the underwriters); (v) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the securities to be disposed of; (vi) fees and expenses of other Persons reasonably necessary in connection with such offering, including experts, transfer agents and registrars; (vii) all security engraving and security printing expenses; and (viii) all fees and expenses payable in connection with the listing of the Registrable Securities on any securities exchange or automated interdealer quotation system on which the Registrable Securities are then listed; provided that Registration Expenses shall exclude all underwriting discounts, selling commissions and transfer taxes, if any, in connection with the sale of any Registrable Securities.

"Rule 144" shall mean Rule 144 (or any successor rule to similar effect) promulgated under the Securities Act.

"Rule 415 Offering" shall mean an offering on a delayed or continuous basis pursuant to Rule 415 (or any successor rule to similar effect) promulgated under the Securities Act.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Selling Holder" shall mean any Holder who sells Registrable Securities pursuant to a registration hereunder.

"Subordinated Unit" shall have the meaning ascribed thereto in the Partnership Agreement.

Section 1.2 Internal References. Unless the context indicates otherwise, references to Articles, Sections and paragraphs shall refer to the corresponding articles, sections and paragraphs in this Agreement, and references to the parties shall mean the parties to this Agreement.

ARTICLE 2
REGISTRATION RIGHTS

Section 2.1 Demand Registration.

(a) Upon written notice to the Issuer from a Holder or Holders holding at least 10% of the Registrable Securities (the "Demand Request") requesting that the Issuer effect the registration under the Securities Act of all or part of the Registrable Securities held by such requesting Holders (the "Requesting Holders"), the Issuer shall prepare as soon as practicable and file with the Commission, within 30 days after such request, a registration statement with respect to such Registrable Securities and thereafter use its best efforts to cause such registration statement to be declared effective under the Securities Act as soon as practicable. A registration

effected pursuant to a Demand Request pursuant to this Section 2.1(a) shall be referred to herein as a "Demand Registration."

(b) Notwithstanding any other provision of this Agreement to the contrary, a Demand Registration requested by Holders pursuant to this Section 2.1 shall not be deemed to have been effected, and, therefore, not requested and the rights of each Holder shall be deemed not to have been exercised for purposes of paragraph (a) above, if (i) such Demand Registration has not become effective under the Securities Act or (ii) such Demand Registration, after it became effective under the Securities Act, was not maintained effective under the Securities Act for at least 180 days (or such shorter period ending when all the Registrable Securities covered thereby have been disposed of pursuant thereto) and, as a result thereof, the Registrable Securities requested to be registered cannot be distributed in accordance with the plan of distribution set forth in the related registration statement.

(c) If the Requesting Holders initiating the Demand Registration intend to distribute the Registrable Securities covered by their request by means of an underwritten offering, they shall so advise the Issuer as a part of their Demand Request and the Issuer shall include such information in the written notice referred to in Section 2.1(d). In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by a majority in interest of the Requesting Holders initiating the registration (which underwriter or underwriters shall be reasonably acceptable to the Issuer). Notwithstanding any other provision of this Section 2.1, if the managing underwriter advises the Issuer that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities), then the Issuer shall so advise all Requesting Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated to the Requesting Holders on a pro rata basis based on the number of Registrable Securities held by all Requesting Holders; provided, however, that the number of Registrable Securities to be included in such underwriting and registration will not be reduced unless all other securities of the Issuer that are entitled by contract or otherwise to be included therein are first entirely excluded from such underwriting and registration. If, as a result of the reduction specified in the immediately previous sentence, the Requesting Holders are required to reduce the securities they sought to register by 50% or more then the registration shall not constitute a Demand Registration under this Section 2.1. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(d) Within five days after delivery of a Demand Request by a Holder, the Issuer shall provide a written notice to all other Holders, advising each such Holder of its right to include all or part of the Registrable Securities held by such Holder for sale pursuant to the Demand Registration and advising such Holder of procedures to enable such Holder to elect to so include Registrable Securities for sale in the Demand Registration. Any Holder may, within 10 days of delivery to such Holder of a notice pursuant to this Section 2.1(d), elect to so include all or any portion of such Holder's Registrable Securities in the Demand Registration by written

notice to such effect to the Issuer specifying the number of Registrable Securities desired to be so included by such Holder. All Holders requesting to have their Registrable Securities included in a Demand Registration pursuant to this Section 2.1(d) shall be deemed "Requesting Holders" for purposes of this Article 2.

(e) The Demand Registrations requested pursuant to Section 2.1(a) are subject to all the following limitations: (i) the Issuer shall not be required to effect more than three Demand Registrations (including registrations pursuant to a Form S-3 Request); (ii) the Issuer shall not be required to effect more than one registration statement on Form S-1 or any similar long form registration statement in any 12 month period and (iii) a registration statement on Form S-1 or any similar long form registration statement must include Registrable Securities with an aggregate public offering price of at least $20,000,000;

(f) Notwithstanding anything contained herein, upon the written request ("Form S-3 Request") of a Holder, the Issuer shall prepare and file with the Commission within 30 days after such request one or more registration statements on Form S-3 (which may at the Holder's request be a Rule 415 Offering) covering the resale of Registrable Securities in an amount as requested by such Holder, and the Issuer shall use its best efforts to obtain the effectiveness of such registration statement as soon as practicable after filing and to maintain the effectiveness of such registration statement until the Registrable Securities have been sold pursuant thereto; _provided, however_, that the Issuer shall not be obligated to effect any such registration pursuant to this Section 2.1(f): (i) if Form S-3 is not available or (ii) if the Holders, together with the holders of any other securities of the Issuer entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $20,000,000.

Section 2.2 Piggyback Registrations.

(a) _Right to Piggyback_. Each time the Issuer proposes to register any of its equity securities under the Securities Act (other than registration statements relating to employee benefit plans or with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act) for sale to the public, whether for the account of the Issuer or the account of any securityholder, the Issuer shall give prompt written notice to each Holder of Registrable Securities, which notice shall be given not less than 20 days prior to the proposed initial filing date of the Issuer's registration statement and shall offer each such Holder the opportunity to include in such registration all or part of the Registrable Securities held by such Holder. Each Holder who desires to include Registrable Securities in such registration shall so advise the Issuer in writing (stating the number of Registrable Securities desired to be registered or sold) within 15 days after the date of such notice from the Issuer. Any Holder shall have the right to withdraw such Holder's request for inclusion of such Holder's Registrable Securities in any offering pursuant to this Section 2.2(a) by giving written notice to the Issuer of such withdrawal. The Issuer may at any time withdraw or cease proceeding with any such registration if it shall at the same time withdraw or cease proceeding with the registration of all other equity securities originally proposed to be registered.

(b) Priority on Piggyback Registrations. If the registration statement under which the Issuer gives notice under this Section 2.2 is for an underwritten offering, the Issuer shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to be included in a registration pursuant to this Section 2.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters. Notwithstanding any other provision of the Agreement, if the managing underwriter determines in good faith that marketing factors require a limitation of the number of securities to be underwritten, the number of securities that may be included in the underwriting shall be allocated as follows:

(i) with respect to an offering initiated by the Issuer on its own behalf, first, to the Issuer, and second to the Holders and any other securityholders of the Issuer who have the right to include securities in such offering pro rata based on the number of securities proposed by such Persons to be included in the offering; and

(ii) with respect to an offering pursuant to demand registration rights of securityholders of the Issuer other than the Holders, first to the securityholders pursuant to their demand registration rights, second to the Issuer, and third, to the Holders and any other securityholders of the Issuer who have the right to include securities in such offering pro rata based on the number of securities proposed by the Holders and such other securityholders to be included in such offering.

If as a result of the provisions of this Section 2.2(b) any Holder shall not be entitled to include all Registrable Securities in an offering that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Securities in such offering prior to completion of the offering.

Section 2.3 Certain Delay Rights. The Issuer may defer the filing or effectiveness (but not the preparation) of a registration statement required by Section 2.1 for a period not to exceed 90 days (or, if longer, 90 days after the effective date of the registration statement contemplated by clause (ii) or (iii) below) if (i) at the time the Issuer receives the Demand Request or Form S-3 Request, the Issuer or any of its subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the general partner of the Issuer determines in good faith that such disclosure would be materially detrimental to the Issuer and its securityholders or would have a material adverse effect on any such confidential negotiations or other confidential business activities, (ii) within ten (10) business days following its receipt of a Demand Request or Form S-3 Request, the Issuer decides to effect a public offering of the Issuer's securities of the same class as Registrable Securities for the Issuer's account, or (iii) prior to the receipt of any Demand Request or Form S-3 Request, another Person has exercised demand registration rights and the Issuer has begun preparations or planning for the offering. A deferral of the filing or effectiveness of a registration statement pursuant to this Section 2.3 shall be lifted, and the

requested registration statement shall be filed forthwith, if, in the case of a deferral pursuant to clause (i) of the preceding sentence, the negotiations or other activities are disclosed or terminated, or, in the case of a deferral pursuant to clause (ii) or (iii) of the preceding sentence, the proposed offering for the Issuer's or another securityholder's account is abandoned. In order to defer the filing or effectiveness of a registration statement pursuant to this Section 2.3, the Issuer shall promptly (but in any event within three (3) business days), upon determining to seek such deferral, deliver to each Holder a certificate signed by an executive officer of the general partner of the Issuer stating that the Issuer is deferring such filing pursuant to this Section 2.3 and a general statement of the reason for such deferral, and an approximation of the anticipated delay. Within 20 days after receiving such certificate, the holders of a majority of the Registrable Securities held by the Requesting Holders or the Holder who delivered the Form S-3 Request and for which registration was previously requested may withdraw such Demand Request or Form S-3 Request, as applicable, by giving notice to the Issuer. If withdrawn, the Demand Request or Form S-3 Request, as applicable, shall be deemed not to have been made for all purposes of this Agreement other than this Section 2.3. The Issuer may defer the filing of a particular registration statement pursuant to this Section 2.3 only once during any 12-month period.

Section 2.4 Expenses. Except as provided herein, the Issuer shall be responsible for all Registration Expenses with respect to each registration hereunder, whether or not any registration statement becomes effective. Notwithstanding the foregoing, (i) each Holder shall be responsible for all underwriting discounts, selling commissions and transfer taxes, if any, in connection with the sale of securities by such Holder, and (ii) the Issuer shall be responsible for all out-of-pocket costs and expenses of the Issuer and its officers and employees incurred in connection with providing the assistance and/or attending analyst or investor presentations or any "road show" undertaken in connection with the registration and/or marketing of any Registrable Securities as contemplated in Section 2.5(g).

Section 2.5 Registration and Qualification. If and whenever the Issuer is required to effect the registration of any Registrable Securities under the Securities Act as provided in Section 2.1, the Issuer shall as promptly as practicable (but subject to the provisions of Section 2.1):

(a) prepare, file and cause to become effective a registration statement under the Securities Act relating to the Registrable Securities to be offered in accordance with the intended method of disposition thereof;

(b) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities until the earlier of (i) such time as all Registrable Securities proposed to be sold therein have been disposed of in accordance with the intended methods of disposition set forth in such registration statement and (ii) the expiration of 180 days after such registration statement becomes effective, provided, that such 180-day period shall be extended for such number of days that equals the number of days elapsing from (x) the date the written notice contemplated by Section 2.5(e) below is given by

the Issuer to (y) the date on which the Issuer delivers to the Holders of Registrable Securities the supplement or amendment contemplated by Section 2.5(e) below;

(c) furnish to the Holders of Registrable Securities and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus) in conformity with the requirements of the Securities Act and such documents incorporated by reference in such registration statement or prospectus as the Holders of Registrable Securities or such underwriter may reasonably request (it being understood that, subject to Section 2.9 and the requirements of the Securities Act and applicable state securities law, the Issuer consents to the use of the prospectus and any amendment or supplement thereto by each Selling Holder and the underwriters in connection with the offering and sale of the Registrable Securities covered by the registration statement of which such prospectus, amendment to supplement is a part);

(d) use its reasonable best efforts to obtain an opinion of counsel for the Issuer and a "cold comfort" letter signed by the independent public accountants who have audited the financial statements of the Issuer included in or incorporated by reference into the applicable registration statement, in each such case covering substantially such matters with respect to such registration statement (and the prospectus included therein) and the related offering as are customarily covered in opinions of issuer's counsel with respect thereto and in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other matters as such underwriters may reasonably request and furnish to each underwriter a copy of such opinion and such letter;

(e) promptly notify the Selling Holders and each underwriter in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to a registration statement or any post-effective amendment, when the same has become effective, (ii) of the issuance by any state securities or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Securities under state securities or "blue sky" laws or the initiation of any proceedings for that purpose, (iii) at any time when a prospectus relating to a registration pursuant to Section 2.1 is required to be delivered under the Securities Act, of the happening of any event that the Issuer becomes aware of, as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (iv) of any request by the Commission, or any other regulatory body or other body having jurisdiction, for any amendment or supplement to any registration statement or other document relating to such offering, and in either such case, at the request of the Selling Holders, promptly prepare and furnish to the Selling Holders a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading;

(f) use its reasonable best efforts to list all such Registrable Securities covered by such registration on each securities exchange or automated interdealer quotation system on which the Common Units are then listed;

(g) use its reasonable best efforts to assist the Holders in the marketing of Common Units in connection with underwritten offerings hereunder (including, to the extent reasonably consistent with work commitments, using reasonable efforts to have officers of the Issuer attend "road shows" and analyst or investor presentations scheduled in connection with such registration), with all out-of-pocket costs and expenses incurred by the Issuer or such officers in connection with such attendance or assistance to be paid by the Issuer as provided in Section 2.4;

(h) use its reasonable best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as the managing underwriter reasonably requests; use its reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period in which such registration statement is required to be kept effective; and do any and all other acts and things which may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder in such jurisdictions (provided, however, that the Issuer will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (B) consent to general service of process in any such jurisdiction);

(i) make generally available to the Holders an earning statement satisfying the provisions of Section 11(a) of the Securities Act no later than 30 days after the end of the 12-month period beginning with the first day of the Issuer's first fiscal quarter commencing after the effective date of a registration statement, which earnings statement shall cover said 12-month period, and which requirement will be deemed to be satisfied if the Issuer timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Exchange Act, and otherwise complies with Rule 158 under the Securities Act;

(j) if requested by the managing underwriter or any Selling Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or any Selling Holder reasonably requests to be included therein, including, without limitation, with respect to the Registrable Securities being sold by such Selling Holder, the purchase price being paid therefor by the underwriters and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering, and promptly make all required filings of such prospectus supplement or post-effective amendment;

(k) as promptly as practicable after filing with the Commission of any document which is incorporated by reference into a registration statement (in the form in which it was incorporated), deliver a copy of each such document to each Selling Holder;

(l) provide a CUSIP number for the Registrable Securities included in any registration statement not later than the effective date of such registration statement;

(m) cooperate with each Selling Holder and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc.;

(n) prepare and file with the Commission promptly any amendments or supplements to such registration statement or prospectus which, in the opinion of counsel for the Issuer or the managing underwriter, is required in connection with the distribution of the Registrable Securities; and

(o) advise each Selling Holder of such Registrable Securities, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose and promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

Section 2.6 Underwriting; Due Diligence.

(a) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under this Article 2, the Issuer shall enter into an underwriting agreement with such underwriters for such offering, which agreement will contain such representations and warranties by the Issuer and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 2.7, and agreements as to the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 2.5(d). Such underwriting agreement shall also contain such representations and warranties by such Selling Holders and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 2.7.

(b) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act pursuant to this Article 2, the Issuer shall give the Selling Holders and the underwriters, if any, and their respective counsel and accountants, such reasonable and customary access to its books, records and properties and such opportunities to discuss the business and affairs of the Issuer with its officers and the independent public accounts who have certified the financial statements of the Issuer as shall be necessary, in the opinion of such Holders and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act; provided that (i) each Holder and the underwriters and their respective counsel and accountants shall have entered into a confidentiality agreement reasonably acceptable to the Issuer and (ii) each Holder and the underwriters and their respective counsel and accountants shall use their reasonable best efforts to minimize the disruption to the Issuer's business and coordinate any such investigation of the books, records and properties of the Issuer and any such discussions with the Issuer's officers and accountants so that all such investigations occur at the same time and all such discussions occur at the same time.

Section 2.7 Indemnification and Contribution.

(a) The Issuer agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Selling Holder and each of its employees, advisors, agents, representatives, partners, officers and directors, and each Person, if any, who controls such Selling Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities or expenses (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) ("Losses") insofar as such Losses are caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or any amendment thereof, any preliminary prospectus or prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) relating to the Registrable Securities, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any violation or alleged violation by the Issuer of the Securities Act, the Exchange Act, any state securities laws or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities laws, except insofar as such Losses are caused by any such untrue statement or omission or alleged untrue statement or omission made in reliance upon information furnished to the Issuer in writing by such Selling Holder (or any representative thereof) expressly for use therein. The Issuer also agrees to indemnify any underwriter of the Registrable Securities so offered and each Person, if any, who controls such underwriter on substantially the same basis as that of the indemnification by the Issuer of the Selling Holders provided in this Section 2.7(a). The reimbursement required by this Section 2.7(a) will be made by periodic payments during the course of the investigation or defense, as and when bills are received or expenses incurred.

(b) Each Selling Holder agrees to indemnify and hold harmless the Issuer, its employees, advisors, agents, representatives, directors, the officers who sign the registration statement and each Person, if any who controls the Issuer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all Losses, insofar as such Losses are caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or any amendment thereof, any preliminary prospectus or prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) relating to the Registrable Securities, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but only with reference to information furnished in writing by such Selling Holder (or any representative thereof) expressly for use in a registration statement, any preliminary prospectus, prospectus or any amendments or supplements thereto; provided that the obligation to indemnify will be several, not joint and several, among such Selling Holders, and the liability of each Selling Holder will be in proportion to, and provided further that such liability will be limited to, the net amount received by such seller from the sale of Registrable Securities pursuant to such registration statement; provided, however, that such Selling Holder shall not be liable in any such case to the extent that prior to the filing of any such registration statement or prospectus or amendment thereof or supplement thereto, such Selling Holder has furnished in writing to the Issuer information expressly for use in such registration statement or prospectus or any amendment or supplement thereto which corrected or made not misleading information previously furnished to the Issuer.

Each Selling Holder also agrees to indemnify any underwriter of the Registrable Securities so offered and each Person, if any, who controls such underwriter on substantially the same basis as that of the indemnification by such Selling Holder of the Issuer provided in this Section 2.7(b).

(c) Each party indemnified under paragraph (a) or (b) above shall, promptly after receipt of notice of a claim or action against such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnifying party in writing of the claim or action; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party on account of the indemnity agreement contained in paragraph (a) or (b) above except to the extent that the indemnifying party was actually prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability that it may have to such indemnified party. If any such claim or action shall be brought against an indemnified party, and it shall have notified the indemnifying party thereof, unless based on the written advice of counsel to such indemnified party a conflict of interest between such indemnified party and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate therein, and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 2.7 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof. Any indemnifying party against whom indemnity may be sought under this Section 2.7 shall not be liable to indemnify an indemnified party if such indemnified party settles such claim or action without the consent of the indemnifying party. The indemnifying party may not agree to any settlement of any such claim or action, other than solely for monetary damages for which the indemnifying party shall be responsible hereunder, the result of which any remedy or relief shall be applied to or against the indemnified party, without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld and unless such settlement contains a full and unconditional release of the indemnified party. In any action hereunder as to which the indemnifying party has assumed the defense thereof, the indemnified party shall continue to be entitled to participate in the defense thereof, with counsel of its own choice, but the indemnifying party shall not be obligated hereunder to reimburse the indemnified party for the costs thereof.

(d) If the indemnification provided for in this Section 2.7 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified party in respect of any Loss referred to herein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Issuer on the one hand and the Selling Holders on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or a Selling Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by an indemnified party as a result of the Loss, or action in respect thereof, referred to above in this paragraph (d) shall be deemed to

include, for purposes of this paragraph (d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. The Issuer and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.7 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. Notwithstanding any other provision of this Section 2.7, no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations in this Section 2.7(d) to contribute shall be several in proportion to the amount of Registrable Securities registered by them and not joint.

(e) The obligations of the parties under this Section 2.7 shall be in addition to any liability which any party may otherwise have to any other party.

Section 2.8 Available Information. The Issuer agrees to use its reasonable best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144;

(b) File with the Commission, in a timely manner, all reports and other documents required of the Issuer under the Exchange Act; and

(c) furnish to a Holder forthwith upon request: a written statement by the Issuer as to its compliance with the reporting requirements of Rule 144 and of the Exchange Act; a copy of the most recent annual or quarterly report of the Issuer; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing it to sell any of the Issuer's securities without registration.

Section 2.9 Suspension of Dispositions. Each Holder agrees by acquisition of any Registrable Securities that, upon receipt of any notice (a "Suspension Notice") from the Issuer of the happening of any event of the kind described in Section 2.5(e)(iii), such Holder will forthwith discontinue disposition of Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus, or until it is advised in writing (the "Advice") by the Issuer that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus, and, if so directed by the Issuer, such Holder will deliver to the Issuer all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Issuer shall give any such notice, the time period regarding the effectiveness of registration statements set forth in Section 2.5(b) hereof shall be extended by the number of days during the period from and including the date of the giving of the Suspension Notice to and including the date when each Selling Holder of Registrable Securities covered by such registration statement shall have

received the copies of the supplemented or amended prospectus or the Advice. The Issuer shall use its best efforts and take such actions as are reasonably necessary to render the Advice as promptly as practicable.

ARTICLE 3
MISCELLANEOUS

Section 3.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. The parties understand and agree that the rights provided pursuant to this Agreement are in furtherance of, and not in addition to, any rights granted pursuant to Section 7.12 of the Partnership Agreement.

Section 3.2 No Conflicting Rights. The Issuer represents and warrants that no other Person has registration rights that conflict with the rights granted to the Holders hereunder.

Section 3.3 Assignment. Except as otherwise provided herein, no party may assign any of its rights or obligations hereunder, by operation of law or otherwise, without the prior written consent of the other parties. A Holder may assign its rights and interests hereunder to any Affiliate of the Holder. Subject to the provisions of this Section 3.3, each transferee shall be a "Holder" for all purposes under this Agreement upon execution and delivery of its written agreement to be bound by the terms hereof. Notwithstanding anything else contained in this Agreement to the contrary, Kafu may assign its rights and interests hereunder to First Union Investors, Inc.

Section 3.4 Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the Issuer and Holders representing a majority of the Registrable Securities then held by all Holders provided that no amendment or modification to this Agreement may be made that would materially adversely effect the rights of a Holder hereunder unless such Holder has consented in writing to such amendment or modification.

Section 3.5 Notices. All notices under this Agreement shall be in writing and shall be deemed to have been received (a) when personally delivered or sent by telecopy, (b) one day following delivery by overnight delivery courier, with all delivery charges pre-paid, or (c) on the third business day following the date on which it was sent by United States mail, postage prepaid, to a party at the address or fax number, as the case may be, of such party as set forth on the signature page of this Agreement or such other address as a party may specify in writing.

Section 3.6 Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and

enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 3.7 No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

Section 3.8 No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any Person who or which is not a party hereto; provided, that, this Agreement is also intended to be for the benefit of and is enforceable by each Holder.

Section 3.9 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Texas other than the conflict of laws rules thereof.

Section 3.10 Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

Section 3.11 Counterparts. This Agreement may be executed in counterpart, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

[Signature page follows]

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

Plains All American Pipeline, L.P.,
a Delaware limited partnership

By: Plains All American Inc.,
its general partner

By:_______________________________________
Name:_____________________________________
Title:____________________________________

Address: 500 Dallas Street, Suite 700
Houston, Texas 77002

Facsimile No.: (713) 654-1523

Sable Holdings, L.P.,
a Delaware limited partnership

By: Sable Holdings, L.L.C,
its general partner

By:_______________________________________
Name:
Title:

Address: P.O. Box 1083
Houston, Texas 77251

Facsimile No.: (713) 654-1523

E-Holdings III, L.P.,
a Texas limited partnership

By: E-Holdings III GP, LLC;
its general partner

By:____
Name:
Title:

Address: c/o EnCap Investments L.L.C.
1100 Louisiana, Suite 3150
Houston, Texas 77002

Facsimile No.: (713) 659-6130

KAFU Holdings, LP,
a Delaware limited partnership

By: Kafu Holdings, LLC,
its general partner

By:____
Name:
Title:

Address: 1800 Avenue of the Stars, Suite 200
Los Angeles, CA 90067

Facsimile No.: (310) 284-6444

Plains All American Inc.,
a Delaware corporation

By:_______________________________________
Name:
Title:

Address: 500 Dallas Street, Suite 700
Houston, Texas 77002

Facsimile No.: (713) 654-1523

PAA Management L.P.,
a Delaware limited partnership

By: PAA Management LLC,
its general partner

By:_______________________________________
Name:
Title:

Address: 333 Clay Street, Suite 2900
Houston, Texas 77002

Facsimile No.: (713) 646-4572

____
Mark E. Strome

Address: 100 Wilshire Boulevard, Suite 1500
Santa Monica, CA 90401

Facsimile No.: (310) 260-6881

Strome Hedgecap Fund, L.P.,

By: Strome Investment Management, L.P.,
its general partner

By: SSCO, Inc.,
its general partner

By:_______________________________________
Name:
Title:

Address: 100 Wilshire Boulevard, Suite 1500
Santa Monica, CA 90401

Facsimile No.: (310) 260-6881

____
John T. Raymond

Address: 500 Dallas Street, Suite 700
Houston, Texas 77002

Facsimile No.: (713) 654-1523

Exhibit 10.1

CONTRIBUTION, ASSIGNMENT AND AMENDMENT AGREEMENT

This CONTRIBUTION, ASSIGNMENT AND AMENDMENT AGREEMENT is made as of June 8, 2001, between Plains All American Inc., a Delaware corporation (the "Departing GP"), Plains AAP, L.P., a Delaware limited partnership (the "GP LP") and Plains All American GP LLC, a Delaware limited liability company ("Successor GP LLC"). Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Investor Agreements (as defined below).

RECITALS

WHEREAS, the Departing GP has entered into a Unit Transfer and Contribution Agreement, dated as of May 8, 2001, as amended (the "Kafu Agreement"), among Kafu Holdings, LLC, Plains Resources Inc. ("Parent"), the Departing GP and PAAI LLC ("Seller");

WHEREAS, the Departing GP has entered into a Unit Transfer and Contribution Agreement, dated as of May 8, 2001 (the "Sable Agreement"), among Sable Investments, L.P., Sable Holdings, L.P., James C. Flores, Parent, the Departing GP and Seller;

WHEREAS, the Departing GP has entered into a Unit Transfer and Contribution Agreement, dated as of May 8, 2001, as amended (the "EnCap Agreement"), among E-Holdings III, L.P., Parent, the Departing GP and Seller;

WHEREAS, the Departing GP has entered into a Unit Transfer and Contribution Agreement, dated as of June 8, 2001 (the "Raymond Agreement") among John T. Raymond, Parent, the Departing GP and Seller;

WHEREAS, the Departing GP has entered into a Unit Transfer and Contribution Agreement, dated as of June 8, 2001 (the "Strome Agreement") among Mark E. Strome, Parent, the Departing GP and Seller;

WHEREAS, the Departing GP has entered into a Unit Transfer and Contribution Agreement, dated as of June 8, 2001 (the "Strome Hedgecap Fund Agreement") among Strome Hedgecap Fund L.P., Parent, the Departing GP and Seller;

WHEREAS, the Departing GP has entered into a Contribution Agreement, dated as of June 8, 2001 (the "Management Entity Contribution Agreement" and together with the Kafu Agreement, the Sable Agreement, the EnCap Agreement, the Raymond Agreement, the Strome Agreement and the Strome Hedgecap Fund Agreement, the "Investor Agreements") among PAA Management, L.P., Parent and the Departing GP;

WHEREAS, the Departing GP has agreed, as a condition to the closing of the transactions contemplated by the Investor Agreements, to contribute the LLC Incentive Distribution Rights to Successor GP LLC as its capital contribution as a member of Successor GP LLC;

WHEREAS, Successor GP LLC has agreed, as a condition to the closing of the transactions contemplated by the Investor Agreements, to contribute the LLC Incentive Distribution Rights to the GP LP as its capital contribution as the general partner of the GP LP;

WHEREAS, the Departing GP has agreed, as a condition to the closing of the transactions contemplated by the Investor Agreements, to contribute, among other things, the GP Interest, the Operating Partnerships GP Interests and the LP Incentive Distribution Rights to the GP LP as its capital contribution as the GP LP's limited partner;

WHEREAS, the GP LP desires to assume the rights and duties of the general partner of Plains All American Pipeline, L.P. (the "Partnership") and the Operating Partnerships and to be bound by the provisions of the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated as of November 23, 1998, as amended (the "Partnership Agreement"), and the Operating Partnership Agreements; and

WHEREAS, the GP LP desires to consent, pursuant to Section 10.2 of the Partnership Agreement, to the admission of Sable Holdings, Raymond, Strome Hedgecap, Strome, Kafu and E-Holdings as Substituted Limited Partners (as defined in the Partnership Agreement) in the Partnership.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties, covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I.
Contributions of Partnership Interests and Incentive Distribution Rights

1.1 Contribution by Departing GP to Successor GP LLC. Departing GP hereby grants, contributes, transfers and conveys to Successor GP LLC, its successors and assigns, all right, title and interest in and to the LLC Incentive Distribution Rights and Successor GP LLC hereby accepts the LLC Incentive Distribution Rights as a contribution to the capital of Successor GP LLC.

TO HAVE AND TO HOLD the LLC Incentive Distribution Rights unto Successor GP LLC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

1.2 Contribution by Successor GP LLC to GP LP. Successor GP LLC hereby grants, contributes, transfers and conveys to GP LP, its successors and assigns, all right, title and interest in and to the LLC Incentive Distribution Rights and GP LP hereby accepts the LLC Incentive Distribution Rights as a contribution to the capital of GP LP.

TO HAVE AND TO HOLD the LLC Incentive Distribution Rights unto GP LP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

1.3 Contribution by Departing GP to GP LP. Departing GP hereby grants, contributes, transfers and conveys to GP LP, its successors and assigns, all right, title and interest in and to the LP Incentive Distribution Rights, the GP Interest and the Operating Partnerships GP Interests and GP LP hereby accepts the LP Incentive Distribution Rights, the GP Interest and the Operating Partnerships GP Interests as a contribution to the capital of GP LP.

TO HAVE AND TO HOLD the LP Incentive Distribution Rights, the GP Interest and the Operating Partnerships GP Interests unto GP LP, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions stated in this Agreement, forever.

The Partnership hereby acknowledges receipt of the opinion of counsel required in Section 4.6(c) of the Partnership Agreement.

1.4 Further Assurances. From time to time after the date hereof, and without any further consideration, Departing GP shall execute, acknowledge and deliver all such additional assignments, stock powers, instruments, notices, releases, acquittances and other documents, and will do all such other acts and things, all in accordance with applicable law, as may be reasonably necessary or appropriate more fully and effectively to assure GP LP and Successor GP LLC, their respective successors and assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges by this Agreement granted to GP LP and Successor GP LLC with respect to the LLC Incentive Distribution Rights, the LP Incentive Distribution Rights, the GP Interest and the Operating Partnerships GP Interests or which are intended so to be and to more fully and effectively carry out the purposes and intent of this Agreement.

ARTICLE II.
Succession of General Partner of the Partnership and the Operating Partnerships

2.1 Withdrawal of Departing GP as General Partner of Operating Partnerships. Effective immediately prior to the contribution of the GP Interest and the Operating Partnerships GP Interests pursuant to Section 1.3 and, pursuant to Section 11.1(a)(ii) of each of the Partnership Agreement and the Operating Partnership Agreements, Departing GP hereby withdraws as general partner of the Partnership and the Operating Partnerships and proposes GP LP to act and serve as sole general partner of the Partnership and the Operating Partnerships.

2.2 GP LP as Successor General Partner of the Partnership and the Operating Partnerships. Effective immediately prior to the transfer to GP LP of the GP Interest and the Operating Partnerships GP Interests pursuant to Section 1.3, GP LP accepts and agrees to duly and timely pay, perform and discharge the rights, duties and obligations of the general partner of the Partnership and the Operating Partnerships and all of the terms and conditions of the Partnership Agreement and the Operating Partnership Agreements in accordance with Section 10.3 of the Partnership Agreement and Section 10.4 of the Operating Partnership Agreements, and GP LP agrees to serve as general partner of the Partnership and the Operating Partnerships and to be bound by the Partnership Agreement and the Operating Partnership Agreements, as each is amended by this Agreement or as may be further amended by the terms of the Partnership Agreement and the Operating Partnership Agreements, as applicable, and GP LP is hereby admitted as the successor general partner of the Partnership and the Operating Partnerships.

ARTICLE III.
Assumption of and Indemnification for Certain Liabilities

3.1 Assumption of Certain Liabilities and Obligations of Departing GP by GP LP. In connection with the transfer of the GP Interest and the Operating Partnerships GP Interests and the

succession by GP LP as general partner of the Partnership and the Operating Partnerships, GP LP hereby assumes and agrees to duly and timely pay, perform and discharge all liabilities and obligations of the Partnership and each Operating Partnership to the full extent (and only to the extent) that Departing GP, as general partner, has been or would have been in the future, were it not for the execution and delivery of this Agreement, obligated to pay, perform and discharge such liabilities and obligations; provided, however, that such assumption by GP LP is subject to the indemnification provided in Section 3.2.

3.2 Indemnification of GP LP and Successor GP LLC. Upon the transfer of the GP Interest and the Operating Partnerships GP Interests to GP LP pursuant to Section 1.3 hereof, Departing GP hereby indemnifies, defends and holds harmless GP LP and Successor GP LLC from and against any and all claims, demands, costs, liabilities and expenses (including court costs and reasonable attorneys' fees) arising from or relating to any liability of GP LP or Successor GP LLC, whether as general partner of the Partnership or an Operating Partnership or pursuant to the assumption by GP LP and Successor GP LLC of liabilities and obligations of the Partnership or an Operating Partnership pursuant to Section 3.1, for liabilities of the Partnership and each Operating Partnership existing at the time of the assignment of the GP Interest and the Operating Partnerships GP Interests to GP LP pursuant to Section 1.3, but only to the extent that Departing GP's share of such liabilities immediately prior to any assignment under Section 1.3 exceeds Departing GP's federal income tax basis in its aggregate partnership interest in the Operating Partnerships. For purposes of this provision, liabilities shall mean only those shown on the balance sheet of the Partnership and the Operating Partnerships as of the date of this Agreement.

ARTICLE IV.
Amendments to Partnership Agreement

4.1 Amendments to the Partnership Agreement. In order to further the purposes of this Agreement and to evidence the increased interest of the general partner in the Partnership issued in exchange for the contributions to the Partnership made pursuant to Section 2.1 hereof, Departing GP, as general partner of the Partnership, having determined that the following amendments would not materially adversely affect the limited partners of the Partnership or have a material adverse effect on the holders of any class of the Partnership's outstanding units, hereby exercises its rights and powers to amend the Partnership Agreement without the approval of any limited partner or assignee pursuant to Section 13.1(d)(i) of the Partnership Agreement and hereby approves and adopts the following amendments to the Partnership Agreement in accordance with Article XIII thereof:

(a) Section 1.1 is hereby amended by amending the definition of the following term to read in its entirety as follows:

"Conflicts Committee" means a committee of the Board of Directors of the general partner of the General Partner (or the applicable governing body of any successor to the General Partner) composed entirely of two or more directors who are neither security holders, officers nor employees of the General Partner nor officers, directors or employees of any Affiliate of the General Partner.

(b) References in the Partnership Agreement to the Board of Directors and officers of the General Partner are hereby amended to refer to the Board of Directors (or the

comparable governing body of any successor to the General Partner) and officers (or the comparable governing officials of any successor to the General Partner) of the general partner of the General Partner.

(c) Section 4.4(c) is hereby amended to read in its entirety as follows:

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any stockholder, member, partner or owner of the General Partner of any or all of the issued and outstanding stock, membership interests or partnership interests or other ownership interests of the General Partner.

4.2 Restatement of Partnership Agreements. Each of the partners of the Partnership and the Operating Partnerships that is a party hereto agrees to execute and deliver, within a reasonable period of time following the Closing Date, a restated and amended version of each of the Partnership Agreement and the Operating Partnership Agreements to which it is a party incorporating the amendments to such agreement adopted by this Agreement together with such other amendments intended to clarify the agreement as the general partner of such limited partnership determines as are appropriate and not having a material adverse effect on the limited partners of the partnership, and in the case of the Partnership, the holders of outstanding common units therein.

ARTICLE V.
Consent to Admission of Substituted Limited Partners

GP LP hereby consents, pursuant to Section 10.2 of the Partnership Agreement, to the admission of Sable Holdings, Raymond, Strome Hedgecap, Strome, Kafu and E-Holdings as Substituted Limited Partners (as defined in the Partnership Agreement) in the Partnership. GP LP represents that as of the date hereof such admissions have been reflected on the books and records of the Partnership.

ARTICLE VI.
Miscellaneous

6.1 Other Assurances. From time to time after the date hereof, and without any further consideration, each of the parties to this Agreement shall execute, acknowledge and deliver all such additional instruments, notices and other documents, and will do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate to more fully and effectively carry out the purposes and intent of this Agreement.

6.2 Consents; Restriction on Assignment. If there are prohibitions against or conditions to the contribution and assignment of one or more portions of the assets contributed pursuant to Article II without the prior written consent of third parties, including, without limitation, governmental agencies (other than consents of a ministerial nature that are normally granted in the ordinary course of business), which if not satisfied would result in a breach of such prohibitions or conditions or would give an outside party the right to terminate the GP LP's rights with respect to such portion of the contributed assets (herein called a "Restriction"), then any provision contained

in this Agreement to the contrary notwithstanding, the transfer of title to or interest in each such portion of the contributed assets (herein called the "Restriction-Asset") pursuant to this Agreement shall not become effective unless and until such Restriction is satisfied, waived or no longer applies. When and if such a Restriction is so satisfied, waived or no longer applies, to the extent permitted by applicable law and any applicable contractual provisions, the assignment of the Restriction-Asset subject thereto shall become effective automatically, without further action on the part of GP LP or Departing GP and Departing GP agrees to use its reasonable best efforts to obtain satisfaction of any Restriction on a timely basis. In the event that any Restriction-Asset exists, Departing GP agrees to hold such Restriction-Asset in trust for the exclusive benefit of the assignee or GP LP, as the case may be, and to otherwise use its reasonable best efforts to provide the assignee with the benefits thereof, and Departing GP will enter into other agreements, or take such other action as it may deem reasonably necessary, in order to help ensure that such assignee is entitled to the benefits of the contributed assets and concomitant rights in all material respects.

6.3 Costs. The Partnership shall pay all sales, use and similar taxes arising out of the contributions, assignments and deliveries to be made hereunder, and shall pay all documentary, filing, recording, transfer, deed, and conveyance taxes and fees required in connection therewith. In addition, the Partnership shall be responsible for all costs, liabilities and expenses (including court costs and reasonable attorneys' fees) incurred in connection with the satisfaction or waiver of any Restriction pursuant to Section 6.2.

6.4 Headings; References; Interpretation. All Article and Section headings in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any of the provisions hereof. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, and not to any particular provision of this Agreement. All references herein to Articles and Sections shall, unless the context requires a different construction, be deemed to be references to the Articles, and Sections of this Agreement, respectively. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation," "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

6.5 Successors and Assigns. The Agreement shall be binding upon and inure to the benefit of the parties signatory hereto and their respective successors and assigns.

6.6 No Third Party Rights. The provisions of this Agreement are intended to bind the parties signatory hereto as to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies and no person is or is intended to be a third party beneficiary of any of the provisions of this Agreement.

6.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute one agreement binding on the parties hereto.

6.8 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware applicable to contracts made and to be performed wholly within such state without giving effect to conflict of law principles thereof, except to the extent that it is mandatory that the law of some other jurisdiction, wherein the contributed assets are deemed located, shall apply.

6.9 Severability. If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect to the intention of the parties as expressed in this Agreement at the time of execution of this Agreement.

6.10 Assignment. To the extent required by applicable law, this Agreement shall also be an "assignment" of the assets transferred and contributed as set forth in Article II hereof.

6.11 Amendment or Modification. This Agreement may be amended or modified from time to time only by the written agreement of all the parties hereto.

6.12 Integration. This Agreement supersedes all previous understandings or agreements between the parties, whether oral or written, with respect to its subject matter. This document is an integrated agreement which contains the entire understanding of the parties. No understanding, representation, promise or agreement, whether oral or written, is intended to be or shall be included in or form part of this Agreement unless it is contained in a written amendment hereto executed by the parties hereto after the date of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

PLAINS ALL AMERICAN INC., a Delaware corporation

By:___________________________________
Name: Tim Moore
Title: Vice President

PLAINS AAP, L.P., a Delaware limited partnership

By: Plains All American GP LLC

By:___________________________________
Name: Tim Moore
Title: Vice President

PLAINS ALL AMERICAN GP LLC, a Delaware limited liability company

By:___________________________________
Name: Tim Moore
Title: Vice President

Exhibit 10.2

EXECUTION COPY

SEPARATION AGREEMENT

DATED AS OF JUNE 8, 2001

BY AND AMONG

PLAINS RESOURCES INC.,
PLAINS ALL AMERICAN, INC.,
PLAINS ALL AMERICAN GP LLC,
PLAINS AAP, L.P.

AND

PLAINS ALL AMERICAN PIPELINE, L.P.

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SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (this "Agreement") is made and entered into as of this 8th day of June, 2001 (the "Effective Date") by and among Plains Resources Inc., a Delaware corporation ("PLX"), Plains All American Inc., a Delaware corporation ("PAAI"), Plains All American GP LLC, a Delaware limited liability company ("Newco GP LLC"), Plains AAP LP, a Delaware limited partnership ("Newco LP") and Plains All American Pipeline, L.P., a Delaware limited partnership ("PAA"). The parties to this Agreement are collectively referred to as the "Parties," and singularly as a "Party."

WHEREAS, PAAI is currently the general partner of PAA;

WHEREAS, PLX and PAAI have entered into certain Unit Transfer and Contribution Agreements with the persons named therein (the "Unit Transfer and Contribution Agreements"), each of which provides that at the Closing (as defined in the Unit Transfer and Contribution Agreements), Newco GP LLC will succeed to the management and business activities formerly performed by PAAI and Newco LP shall be the general partner of PAA; and

WHEREAS, it is appropriate and desirable to set forth certain agreements that will govern certain matters relating to the relationship between the Upstream Parties (as defined below) and the Midstream Parties (as defined below) after the closing under the Unit Transfer and Contribution Agreements (the date of such closing, the "Closing Date").

NOW, THEREFORE, the Parties agree, intending to be legally bound, as follows:

ARTICLE I
CERTAIN DEFINITIONS

1.01. CERTAIN DEFINITIONS. (a) As used in this Agreement, in addition to the terms defined in the Preamble and Recitals hereof, the following terms shall have the following meanings, applicable to both the singular and plural forms of the terms described:

"ACTION" shall mean any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local or foreign or international Governmental Authority or any arbitration or mediation tribunal.

"AFFILIATE" shall mean with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"AGREEMENT" shall have the meaning ascribed to it in the Preamble.

"BUSINESS DAY" means any calendar day which is not a Saturday, Sunday or public holiday under the laws of the State of New York.

"GOVERNMENTAL AUTHORITY" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory administrative or governmental authority.

"HYDROCARBONS" means crude oil, natural gas, casinghead gas, condensate, sulphur, natural gas liquids, plant products, liquefied petroleum gas and other liquid or gaseous hydrocarbons produced in association therewith, including, without limitation, coalbed methane and gas and CO2.

"INFORMATION" means any information, whether or not patentable or copyrightable in written, oral or electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototype samples, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys, memos and other materials prepared by attorneys and any other technical, financial, employee or business information or data.

"MARKETING AGREEMENT" means that certain Crude Oil Marketing Agreement, dated November 23, 1998, among PLX, Plains Illinois Inc., Stocker Resources, L.P., Calumet Florida, Inc. and Plains Marketing, L.P., as amended from time to time.

"MIDSTREAM BUSINESS" means all Hydrocarbon gathering, transportation, terminalling, storage, and marketing and all operations related thereto, including, without limitation, (a) the acquisition, construction, installation, maintenance or remediation and operation of pipelines, gathering lines, compressors, facilities, storage facilities and equipment, and (b) the gathering of Hydrocarbons from fields, interstate and intrastate transportation by pipeline, trucks or barges, tank storage of Hydrocarbons, transferring Hydrocarbons from pipelines and storage tanks to trucks, barges or other pipelines, acquisitions of Hydrocarbons at the well or bulk purchase at pipeline and terminal facilities and subsequent resale thereof.

"MIDSTREAM PARTIES" means Newco LP, Newco GP LLC and PAA and their respective subsidiaries.

"OMNIBUS AGREEMENT" means that certain Omnibus Agreement, dated November 23, 1998, among PLX, PAAI, Plains Marketing, L.P., All American Pipeline, L.P. and PAA, as amended from time to time.

"OTHER PARTIES" means the Midstream Parties, in the case of the Upstream Parties, and the Upstream Parties, in the case of the Midstream Parties.

"PERSON" means any individual, corporation, partnership, limited liability company or partnership, joint venture, association, governmental entity, or any other entity.

"SUBSIDIARY" means, with respect to any Person, any corporation, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of

any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other subsidiaries of that Person or a combination thereof, or (ii) if a partnership, association or other business entity, a majority of either (x) the partnership or other similar ownership interest thereof, or (y) the stock or other equity interest of such partnership, association or other business entity's general partner, managing member or similar controlling Person is at the time owned or controlled, directly or indirectly, by such Person or one or more subsidiaries of that Person or a combination thereof.

"THIRD-PARTY CLAIM" means any claim, suit, arbitration, inquiry, proceeding or investigation by or before any court, governmental or other regulatory or administrative agency or commission, or any arbitration tribunal asserted by a Person other than the parties hereto or their respective Affiliates that gives rise to a right of indemnification hereunder.

"UPSTREAM BUSINESS" means all the business conducted by the Upstream Parties except the Midstream Business as conducted by the Midstream Parties.

"UPSTREAM PARTIES" means PLX and PAAI and their respective Subsidiaries except for the Midstream Parties.

(b) Each of the following terms is defined in the section set forth opposite such term.

Term	Section
Agreement	Preamble
Closing Date	1
Covered Parties	5.01(a)
Disputes	6.02
Effective Date	Preamble
Indemnifying Party	4.02(a)
Indemnitee	4.02(a)
Insurance Transition Period	5.01(a)
Listed Policies	5.01(a)
Local Counsel	4.02(b)
Losses	4.04(c)
Maximum Premium	4.05(b). 4.04(b)
Midstream Indemnitees	4.01(a)
Newco GP LLC	Preamble
Newco LP	Preamble
PAA	Preamble
PAAI	Preamble
PAAI D&O Indemnified Parties	4.05(c)
Party	Preamble
PLX	Preamble
PLX D&O Indemnified Parties	4.04(c)
Primary Counsel	4.02(b)
Representatives	3.06(a)

Separate Counsel.. 4.02(b)
Transition Agreement.. 2.01
Unit Transfer and Contribution Agreements........................... Preamble
Upstream Indemnitees.. 4.01(b)

ARTICLE II
OTHER AGREEMENTS

2.01. PENSION AND EMPLOYEE BENEFITS ASSUMPTION AND TRANSITION AGREEMENT. Concurrently with the execution of this Agreement, Parent, PAAI and Newco GP LLC shall execute that certain Pension and Employee Benefits Assumption and Transition Agreement, dated as of the date hereof, by and among PLX, PAAI and Newco GP LLC (the "Transition Agreement).

2.02. OMNIBUS AGREEMENT; MARKETING AGREEMENT. The Parties hereto agree and intend that the Omnibus Agreement and the Marketing Agreement shall continue in full force and effect in accordance with the terms thereof.

ARTICLE III
CERTAIN BUSINESS MATTERS

3.01. EXCHANGE OF INFORMATION. (a) Each of PAAI and Newco GP LLC agrees to provide or cause to provide to the other at any time after the Closing as soon as reasonably practicable after written notice therefor any Information relating to time periods prior to the expiration of the Transition Period (as defined in the Transition Agreement) in the possession or in control of such Party that the requesting Party reasonably needs: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party or its subsidiaries (including under applicable securities or tax laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative tax or other proceedings or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, or (iii) to comply with its obligations under this Agreement or the Transition Agreement; *provided, however*, if any Party determines that any such a provision of Information could be commercially detrimental, violate any law or agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Closing Date, the Midstream Parties and the Upstream Parties shall each have access during regular business hours (as in effect from time to time) to the documents and objects of historical significance that relate to the Midstream Business or the Upstream Business, as the case may be, that are located in the records of the Upstream Parties and the Midstream Parties, respectively.

(c) After the Closing Date, the Midstream Parties shall provide or cause to be provided to PLX in such form as PLX shall request all financial and other data and information that PLX determines necessary in order to prepare PLX's financial statements and reports or filings with any Governmental Authority.

3.02. COMPENSATION FOR PROVIDING INFORMATION. The Party requesting such Information shall reimburse the other Party for the reasonable cost, if any, of creating, gathering or copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party. Except as may be otherwise specifically provided elsewhere in this Agreement or any other Agreement between the Parties, such cost shall be computed in accordance with the providing Party's standard methodology and procedures.

3.03. RECORD RETENTION. To facilitate the possible exchange of Information pursuant to this Agreement after the Effective Date, the Parties agree to use their reasonable best efforts to retain all Information in their respective possession or control consistent with the records retention policies of PLX and PAAI as in effect of the Effective Date as such may from time to time be changed. Neither the Upstream Parties nor the Midstream Parties will destroy or permit any of their subsidiaries to destroy any financial Information which the Other Parties may have the right to obtain pursuant to this Agreement prior to the third anniversary of the Effective Date. Furthermore, neither the Upstream Parties nor the Midstream Parties will destroy or permit any of its subsidiaries to destroy any Information which the Other Parties may have the right to obtain pursuant to this Agreement prior to the sixth (6th) anniversary of the Effective Date without first using its reasonable best efforts to notify the Other Parties of the proposed destruction and giving the Other Parties the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to taxes or to environmental liabilities, such period shall be extended to expiration of the applicable statute of limitations (giving effect to any extensions thereof).

3.04. LIMITATION OF LIABILITY. Neither the Upstream Parties nor the Midstream Parties makes any representation or warranty to the Other Parties with respect to the accuracy or completeness of any Information exchanged or provided pursuant to this Agreement. Neither the Upstream Parties nor the Midstream Parties shall have any liability to the Other Parties if any Information is destroyed after the reasonable best efforts by such Parties to comply with the provisions of this Agreement.

3.05. PRODUCTION OF WITNESSES, RECORDS AND COOPERATION. After the Effective Date, each of the Upstream Parties and the Midstream Parties shall use its reasonable best efforts to make available to the Other Parties upon written request its former, current and future directors, officers, employees, other personnel and agents as witnesses, and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (given consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may be reasonably required in connection with any Action in which the requesting Party may from time to time be involved regardless of whether such Action is a matter with respect to which indemnification may be sought. The requesting Party shall bear all costs and expenses (including allocated costs of in-house counsel and other personnel) in connection therewith.

3.06. CONFIDENTIALITY. (a) Subject to Section 3.06(c) and (d) below, each of the Upstream Parties and the Midstream Parties agrees to hold, and cause its respective directors, officers, employees, agents, accountants and other advisors and representatives (collectively, "Representatives") to hold, in strict confidence, with at least the same degree of

care that applies to its own confidential and proprietary information, all Information concerning the Other Parties that is either in its possession (including Information in its possession prior to the Effective Date) or furnished by the Other Parties at any time pursuant to this Agreement or otherwise, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such Information has been: (i) in the public domain through no breach of this Section 3.06 by such Party or any of its Representatives, (ii) later lawfully acquired from other sources by such Party or any of its Representatives which sources to the knowledge of such Party or such Representative are not themselves bound by a confidentiality obligation), or (iii) independently generated without reference to any proprietary or confidential Information of the Other Parties.

(b) Subject to Section 3.06(c) and (d) below, each Party agrees not to release or disclose, or permit to be released or disclosed, any such Information to any other Person, except its Representatives who need to know such Information (who shall be advised of their obligations hereunder with respect to such Information), except in compliance with this Section 3.06. Without limiting the foregoing, when any Information is no longer needed for the purposes contemplated by this Agreement, each Party will promptly after request of the other Party either return to the other Party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

(c) The Upstream Parties may release or disclose, or permit to be released or disclosed, any such Information to any Person (and such Person's Representatives) in connection with the bona fide sale to such Person of all or a portion of the Upstream Parties' ownership interest in the Midstream Parties; provided, however, that any such release or disclosure shall be pursuant to a confidentiality agreement in form and substance reasonably satisfactory to the Midstream Parties and the Upstream Parties shall be and remain liable for any breach of such confidentiality agreement by any such Person or such Person's Representatives. Prior to any such release or disclosure, the Upstream Parties shall provide prior notice to the Midstream Parties of the intended release or disclosure including, with reasonable specificity, the Information proposed to be released or disclosed.

(d) In the event that any of the Upstream Parties or the Midstream Parties either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of the Other Parties (or their Representatives) that is subject to the confidentiality provisions hereof, such Party shall notify the Other Parties prior to disclosing or providing such Information and shall cooperate at the expense of the requesting Other Party in seeking any reasonable protective arrangements requested by such Party. Subject to the foregoing, the Party that received such request may thereafter disclose or provide Information to the extent required by such law (as so advised by counsel) or by lawful process or such Governmental Authority.

ARTICLE IV
INDEMNIFICATION

4.01. INDEMNIFICATION. (a) The Upstream Parties shall indemnify, defend and hold harmless the Midstream Parties (the "Midstream Indemnitees"), against any and all actions, claims, damages, losses, or liabilities resulting from, relating to or arising, whether prior to or following the Effective Date, out of or in connection with (i) operation of the Upstream Business or (ii) federal or state securities laws or regulations, or the regulations of any self-regulatory authority or similar body, or other similar claims (including any actions, claims, damages, losses or liabilities with respect to which the indemnification obligations in Sections 4.04 or 4.05 would apply) in connection with the Upstream Business or the Midstream Business based upon or resulting from acts or omissions, or alleged acts or omissions, by the Upstream Parties or the Midstream Parties occurring on or prior to the Effective Date, and the Upstream Parties shall reimburse each Midstream Indemnitee for any and all reasonable costs and expenses (including attorneys' fees) incurred by any of them in connection with investigating and/or defending any such action, claim, damage, loss, or liability, other than legal fees incurred prior to the Effective Date.

(b) The Midstream Parties shall indemnify, defend and hold harmless the Upstream Parties (the "Upstream Indemnitees") against any and all actions, claims, damages, losses, or liabilities (other than actions, claims, damages, losses or liabilities with respect to which the indemnification obligations in Sections 4.04 or 4.05 would apply) resulting from, relating to or arising, whether prior to or following the Effective Date, out of or in connection with the operation of the Midstream Business, and the Midstream Parties shall reimburse each Upstream Indemnitee for any and all reasonable costs and expenses (including attorneys' fees) incurred by any of them in connection with investigating and/or defending any such action, claim, damage, loss or liability, other than legal fees incurred prior to the Effective Date.

4.02. INDEMNIFICATION PROCEDURES. (a) If an Upstream Indemnitee or Midstream Indemnitee (collectively, an "Indemnitee") receives notice of the assertion of any Third-Party Claim with respect to which a Midstream Party or Upstream Party, respectively is, or is likely to be, obligated under this Agreement to provide indemnification (an "Indemnifying Party"), such Indemnitee shall promptly give such Indemnifying Party notice thereof (together with a copy of such Third-Party Claim, process or other legal pleading) promptly after becoming aware of such Third-Party Claim; *provided*, *however*, that the failure of any Indemnitee to give notice as provided in this Section 4.02 shall not relieve any Indemnifying Party of its obligations under this Section 4.02, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice. Such notice shall describe such Third-Party Claim in reasonable detail.

(b) An Indemnifying Party, at such Indemnifying Party's own expense and through counsel chosen by such Indemnifying Party (which counsel shall be reasonably acceptable to the Indemnitee), may elect to defend any Third-Party Claim. If an Indemnifying Party elects to defend a Third-Party Claim in accordance with the foregoing, then, within ten (10) Business Days after receiving notice of such Third-Party Claim (or sooner, if the nature of such Third Party claim so requires), such Indemnifying Party shall notify the Indemnitee of its intent to do so, and such Indemnitee shall cooperate in the defense of such Third-Party Claim.

Such Indemnifying Party shall pay such Indemnitee's reasonable out-of-pocket expenses incurred in connection with such cooperation. Such Indemnifying Party shall keep the Indemnitee reasonably informed as to the status of the defense of such Third-Party Claim. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnifying Party shall not be liable to such Indemnitee under this Section 4.02 for any attorneys' fees or other expenses subsequently incurred by such Indemnitee in connection with the defense thereof other than those expenses referred to in the second preceding sentence; *provided, however*, that such Indemnitee shall have the right to employ one law firm as counsel ("Primary Counsel"), together with a local law firm in each applicable jurisdiction (collectively, "Local Counsel") (and together with Primary Counsel, "Separate Counsel"), to represent such Indemnitee in any action or group of related actions (which firm or firms shall be reasonably acceptable to the Indemnifying Party) if, in the reasonable judgment of such Indemnitee's counsel at any time, either a conflict of interest between such Indemnitee and such Indemnifying Party exists in respect of such claim, or counsel to such Indemnitee advises in writing there may be defenses available to such Indemnitee which are significantly different from or in addition to those available to such Indemnifying Party and the representation of both Parties by the same counsel would, in the reasonable judgment of the Indemnitee, be inappropriate, and in that event (i) the reasonable fees and expenses of such Separate Counsel shall be paid by such Indemnifying Party (it being understood, however, that the Indemnifying Party shall not be liable for the expenses of more than one Primary Counsel and one Local Counsel in any one jurisdiction with respect to any Third-Party Claim (even if against multiple Indemnitees)) and (ii) each of such Indemnifying Party and such Indemnitee shall have the right to conduct its own defense in respect of such claim. If an Indemnifying Party: (i) elects not to defend against a Third-Party Claim; (ii) fails to notify an Indemnitee of its election as provided in this Section 4.02 within the period of ten (10) Business Days described above; or (iii) elects to defend a Third Party Claim but, in the reasonable judgment of the Indemnitee, fails to timely, properly and adequately defend such claim, the Indemnitee may defend, compromise, and settle such Third-Party Claim and shall be entitled to indemnification hereunder (to the extent permitted hereunder); *provided, however*, that no such Indemnitee may compromise or settle any such Third-Party claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, (i) settle or compromise any Third-Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the dismissal without prejudice of such Third Party Claim or delivery by the claimant or plaintiff to the Indemnitee of a written release from all liability in respect of such Third-Party Claim or (ii) settle or compromise any Third-Party Claim in any manner that would be reasonably likely to have a material adverse effect on the Indemnitee.

4.03. CERTAIN LIMITATIONS. (a) The amount of any indemnifiable losses or other liability for which indemnification is provided under this Agreement shall be net of any amounts actually recovered by the Indemnitee from third parties (including, without limitation, amounts actually recovered under insurance policies) with respect to such indemnifiable losses or other liability. Any Indemnifying Party hereunder shall be subrogated to the rights of the Indemnitee upon payment in full of the amount of the relevant indemnifiable loss. An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provision hereof, have any

subrogation rights with respect thereto. If any Indemnitee recovers an amount from a third party in respect of an indemnifiable loss for which indemnification is provided in this Agreement after the full amount of such indemnifiable loss has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such indemnifiable loss and the amount received from the third party exceeds the remaining unpaid balance of such indemnifiable loss, then the Indemnitee shall promptly remit to the Indemnifying Party the excess (if any) of (A) the sum of the amount theretofore paid by such Indemnifying Party in respect of such indemnifiable loss plus the amount received from the third party in respect thereof less (B) the full amount of such indemnifiable loss or other liability. Nothing in this Section 4.03(a) shall obligate any Indemnitee to seek to recover any amounts from any third party (including, without limitation, amounts recoverable under insurance policies) prior to, or as a condition to, seeking indemnification under this Article IV.

(b) The amount of any loss or other liability for which indemnification is provided under this Agreement shall be (i) increased to take account of any net tax cost incurred by the Indemnitee arising from the receipt or accrual of an indemnification payment hereunder (grossed up for such increase) and (ii) reduced to take account of any net tax benefit realized by the Indemnitee arising from incurring or paying such loss or other liability. In computing the amount of any such tax cost or tax benefit, the Indemnitee shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt or accrual of any indemnification payment hereunder or incurring or paying any indemnified loss. Any indemnification payment hereunder shall initially be made without regard to this Section 4.03(b) and shall be increased or reduced to reflect any such net tax cost (including gross-up) or net tax benefit only after the Indemnitee has actually realized such cost or benefit. For purposes of this Agreement, an Indemnitee shall be deemed to have "actually realized" a net tax cost or a net tax benefit to the extent that, and at such time as, the amount of taxes payable by such Indemnitee is increased above or reduced below, respectively, the amount of taxes that such Indemnitee would be required to pay but for the receipt or accrual of the indemnification payment or the incurrence or payment of such loss, as the case may be. The amount of any increase or reduction hereunder shall be adjusted to reflect any final determination with respect to the Indemnitee's liability for taxes, and payments between such indemnified parties to reflect such adjustment shall be made if necessary.

4.04. DIRECTOR AND OFFICER INDEMNIFICATION - PLX. (a) PLX shall honor all PLX's obligations to indemnify (including any obligations to advance funds for expenses to) the current or former directors or officers of PLX (each, a "PLX D&O Indemnified Party") for acts or omissions by such directors and officers occurring on or prior to the Effective Date to the extent that such obligations of PLX or any of its subsidiaries exist on the date immediately prior to the Effective Date, whether pursuant to the certificate of incorporation of PLX or otherwise, and such obligations shall survive and shall continue in full force and effect in accordance with the terms of the certificate of incorporation of PLX from the Effective Date until the expiration of the applicable statute of limitations with respect to any claims against such directors or officers arising out of such acts or omissions.

(b) For a period of six years from and after the Effective Date, PLX shall cause to be maintained in effect for the benefit of the PLX D&O Indemnified Parties the current policies of directors' and officers' liability insurance maintained by PLX with coverage limits of

$15,000,000 (provided that PLX may substitute therefor policies with reputable and financially sound carriers of at least the same coverage and amounts containing terms and conditions which are no less advantageous and so long as such substitution results in continuous coverage) with respect to claims arising from or related to facts or events which occurred at or before the Effective Date; provided, however, that PLX shall not be obligated to make annual premium payments for such insurance to the extent such premiums exceed 150% of the annual premiums paid as of the date hereof by PLX for such insurance (such 150% amount, the "Maximum Premium"). If such insurance coverage cannot be obtained at all, or can only be obtained at an annual premium in excess of the Maximum Premium, PLX shall maintain the most advantageous policies of directors' and officers' insurance obtainable for an annual premium equal to the Maximum Premium.

(c) From and after the Effective Date, to the fullest extent permitted by Law and without limitation on the obligations of PLX pursuant to Sections 4.04(a) and (b), PLX shall indemnify, defend and hold harmless the PLX D&O Indemnified Parties") against all losses, claims, damages, liabilities, fees and expenses (including attorneys' fees and disbursements), judgments, fines and amounts paid in settlement (in the case of settlements, with the approval of the indemnifying party (which approval shall not be unreasonably withheld or delayed)) (collectively, "Losses"), as incurred (payable monthly upon written request which request shall include reasonable evidence of the Losses set forth therein) to the extent arising from, relating to, or otherwise in respect of, any actual or threatened action, suit, proceeding or investigation, in respect of actions or omissions occurring at or prior to the Effective Date in connection with such Indemnified Party's duties as an officer or director of PLX to the extent they are based on or arise out of or pertain to the transactions contemplated by this Agreement or the Unit Transfer and Contribution Agreements.

(d) In the event that PLX or any of its successors or assigns (i) consolidates with or merges into any other person and is not the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers or conveys all or substantially all its properties and assets to any person, then, and in each such case, proper provision shall be made so that the successor and assign of such party assumes the obligations of such party set forth in this Section 4.04, and in such event all references to PLX in this Section 4.04 shall be deemed a reference to such successor and assign.

4.05. DIRECTOR AND OFFICER INDEMNIFICATION - PAAI. (a) PLX shall, to the fullest extent permitted by Law, cause PAAI to, and PAAI shall honor all PAAI's obligations to indemnify (including any obligations to advance funds for expenses to) the current or former directors or officers of PAAI (each, a "PAAI D&O Indemnified Party") for acts or omissions by such directors and officers occurring on or prior to the Effective Date to the extent that such obligations of PAAI or any of its subsidiaries exist on the date immediately prior to the Effective Date, whether pursuant to the certificate of incorporation of PAAI or otherwise, and such obligations shall survive and shall continue in full force and effect in accordance with the terms of the certificate of incorporation of PAAI from the Effective Date until the expiration of the applicable statute of limitations with respect to any claims against such directors or officers arising out of such acts or omissions.

(b) For a period of six years from and after the Effective Date, PLX or PAAI shall cause to be maintained in effect for the benefit of the PAAI D&O Indemnified Parties the current policies of directors' and officers' liability insurance maintained by PLX with coverage limits of $15,000,000 (provided that PLX or PAAI may substitute therefor policies with reputable and financially sound carriers of at least the same coverage and amounts containing terms and conditions which are no less advantageous and so long as such substitution results in continuous coverage) with respect to claims arising from or related to facts or events which occurred at or before the Effective Date; provided, however, that PLX shall not be obligated to make annual premium
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payments for such insurance to the extent such premiums exceed 150% of the Maximum Premium. If such insurance coverage cannot be obtained at all, or can only be obtained at an annual premium in excess of the Maximum Premium, PLX or PAAI shall maintain the most advantageous policies of directors' and officers' insurance obtainable for an annual premium equal to the Maximum Premium.

(c) From and after the Effective Date, to the fullest extent permitted by Law and without limitation on the obligations of PLX or PAAI pursuant to Sections 4.05(a) and (b), PLX shall, and shall cause PAAI to, indemnify, defend and hold harmless the PAAI D&O Indemnified Parties against all Losses as incurred (payable monthly upon written request which request shall include reasonable evidence of the Losses set forth therein) to the extent arising from, relating to, or otherwise in respect of, any actual or threatened action, suit, proceeding or investigation, in respect of actions or omissions occurring at or prior to the Effective Date in connection with such Indemnified Party's duties as an officer or director of PAAI to the extent they are based on or arise out of or pertain to the transactions contemplated by this Agreement or the Unit Transfer and Contribution Agreements.

(d) In the event that PLX or PAAI or any of their successors or assigns (i) consolidates with or merges into any other person and is not the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers or conveys all or substantially all its properties and assets to any person, then, and in each such case, proper provision shall be made so that the successor and assign of such party assumes the obligations of such party set forth in this Section 4.05, and in such event all references to PLX or PAAI, as the case may be, in this Section 4.05 shall be deemed a reference to such successor and assign.

ARTICLE V
INSURANCE MATTERS

5.01. MIDSTREAM INSURANCE COVERAGE DURING THE INSURANCE TRANSITION PERIOD. (a) Throughout the period beginning on the Effective Date and ending on the date set next to each insurance policy listed on Schedule A hereto (the "Listed Policies") or such earlier dates as the parties agree (with respect to each Listed Policy, the "Insurance Transition Period"), the Upstream Parties shall maintain the Listed Policies for the benefit of the Midstream Parties (collectively, the "Covered Parties"), except as the parties otherwise agree. Except as otherwise provided below, during the Insurance Transition Period, the Listed Policies shall cover Covered Parties for liabilities and losses insured prior to the Effective Date.

(b) Newco GP LLC, on behalf of the Midstream Parties, shall promptly pay or reimburse the Upstream Parties, as the case may be, for its share of premium expenses and all

applicable self-insurance retentions, deductibles, retrospective premium adjustments and similar amounts with respect to the Listed Policies during the Insurance Transition Period, and Newco GP LLC shall promptly pay or reimburse the Upstream Parties for any costs and expenses which the Upstream Parties may incur in connection with the insurance coverages maintained pursuant to this Section 5.01, including but not limited to any subsequent premium adjustments. Newco GP LLC's share of such expenses shall be determined in a manner consistent with the allocation of such expenses between PLX and PAA prior to the Effective Date. All payments and reimbursements by Newco GP LLC to the Upstream Parties shall be made within fifteen (15) days after Newco GP LLC's receipt of an invoice from the Upstream Parties.

(c) The control and administration of the Listed Policies shall remain with PLX; *provided, however*, that any such action taken by PLX shall treat fairly all insured parties and their respective claims and shall not unduly favor one insured party over another. Newco GP LLC shall be provided, upon request, with copies of the Listed Policies as in effect on the date of such request.

(d) The provisions of this Article V represent only an allocation of cost between the Parties with respect to the Listed Policies and shall in no way affect the coverage provided by the Listed Policies or guarantee recovery by the Midstream Parties under such policies.

5.02. INSURANCE COVERAGE AFTER THE INSURANCE TRANSITION PERIOD. From and after expiration of the Insurance Transition Period with respect to each Listed Policy, Newco GP LLC, on behalf of the Midstream Parties, shall be solely responsible for obtaining and maintaining insurance programs for its risk of loss with respect to the subject matter of the relevant Listed Policy and such insurance arrangements shall be separate and apart from the Upstream Parties' insurance programs unless the parties otherwise agree.

ARTICLE VI
FURTHER ASSURANCE AND ADDITIONAL COVENANTS

6.01. FURTHER ASSURANCES. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties hereto shall use its reasonable best efforts, prior to, on and after the Closing Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Transition Agreement.

(b) Without limiting the foregoing, prior to, on and after the Closing Date, each Party hereto shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or governmental approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party hereto from time to time, consistent with the terms of this

Agreement and the Transition Agreement, in order to effectuate the provisions and purposes of this Agreement and the Transition Agreement.

(c) Prior to the Closing Date, if one or more of the Parties identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions contemplated by the Unit Transfer and Contribution Agreements that is not otherwise governed by the provisions of this Agreement or the Transition Agreement, the Parties shall cooperate in determining whether there is a mutually acceptable arm's-length basis on which one or more of the other Parties will provide such service.

6.02. DISPUTE RESOLUTION. Resolution of any and all disputes arising from or in connection with this Agreement, whether based on contract, tort, or otherwise (collectively, "Disputes"), shall be exclusively governed by and settled in accordance with the provisions of this Section 6.02. The parties hereto shall use all commercially reasonable efforts to settle all Disputes without resorting to mediation, arbitration, litigation or other third party dispute resolution mechanisms. If any Dispute remains unsettled, the parties hereby agree to mediate such Dispute using a mediator reasonably acceptable to all parties involved in such Dispute. If the parties are unable to resolve such dispute through mediation, each party will be free to commence proceedings for the resolution thereof. No party shall be entitled to consequential, special, exemplary or punitive damages.

6.03. NAMES. As soon as reasonably possible after the date hereof, and in no event later than the date that is 60 days from the date hereof, each of PAAI and PAAI LLC, a wholly owned subsidiary of PAAI ("PAAI LLC"), shall take all action necessary to change the names of PAAI and PAAI LLC to names bearing no similarity to "Plains All American."

ARTICLE VII
MISCELLANEOUS

7.01. EFFECTIVENESS. This Agreement shall become effective at the close of business on the Closing Date.

7.02. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the Parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either Party hereto to any other person without the prior written consent of the other Party hereto.

7.03. NO THIRD-PARTY BENEFICIARIES. Except for the Persons entitled to indemnification hereunder, each of whom is an intended third-party beneficiary hereunder, nothing expressed or implied in this Agreement shall be construed to give any person or entity other than the Parties hereto any legal or equitable rights hereunder.

7.04. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof.

7.05. AMENDMENT. This Agreement may not be amended except by an instrument signed by the Parties hereto.

7.06. WAIVERS. No waiver of any term shall be construed as a subsequent waiver of the same term, or a waiver of any other term, of this Agreement. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

7.07. SEVERABILITY. If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, such provision shall be deemed severable and all other provisions of this Agreement shall nevertheless remain in full force and effect.

7.08. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

7.09. NOTICES. All notices given in connection with this Agreement shall be in writing. Service of such notices shall be deemed complete: (i) if hand delivered, on the date of delivery; (ii) if by mail, on the fourth Business Day following the day of deposit in the United States mail, by certified or registered mail, first-class postage prepaid; (iii) if sent by Federal Express or equivalent courier service, on the next Business Day; or (iv) if by telecopier, upon receipt by sender of confirmation of successful transmission. Such notices shall be addressed to the Parties at the following address or at such other address for a Party as shall be specified by like notice (except that notices of change of address shall be effective upon receipt):

If to Parent or PAAI:

Plains Resources Inc.
500 Dallas Street, Suite 700
Houston, TX 77002
Attention: Tim Stephens
Fax No.: (713) 654-1523

If to Newco GP LLC, Newco LP or PAA:

Plains All American GP LLC
333 Clay Street, 29/th/ Floor
Houston, TX 77002
Attention: Tim Moore
Fax No.: (713) 646-4572

7.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with, the laws of the State of Texas, without giving effect to the principles of conflict of laws of such state or any other jurisdiction.

7.11. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute but one and the same instrument.

7.12. REMEDIES. Each of the parties hereto shall be entitled to enforce its rights under this Agreement specifically, to recover damages and costs (including reasonable attorneys' fees) caused by any breach of any provision of this Agreement and to exercise all other rights existing in its favor. Each of the parties hereto acknowledges and agrees that under certain circumstances the breach by any of the parties hereto of a term or provision of this Agreement will materially and irreparably harm the other party, that money damages will accordingly not be an adequate remedy for such breach and that the non-defaulting party, in its sole discretion and in addition to its rights under this Agreement and any other remedies it may have at law or in equity, may apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any breach of the provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first written above.

PLAINS RESOURCES, INC.

BY: ______________________________
NAME:
TITLE:

PLAINS ALL AMERICAN INC.

BY: ______________________________
NAME:
TITLE:

PLAINS ALL AMERICAN GP LLC

BY: ______________________________
NAME:
TITLE:

PLAINS AAP L.P.

BY: PLAINS ALL AMERICAN GP LLC,
its general partner

BY: ______________________________
NAME:
TITLE:

PLAINS ALL AMERICAN PIPELINE, L.P.

BY: PLAINS AAP L.P., its general partner

BY: PLAINS ALL AMERICAN GP LLC,
its general partner

BY: ______________________________
NAME:
TITLE:

Schedule A

None.

Exhibit 10.3

EXECUTION COPY

PENSION AND EMPLOYEE BENEFITS ASSUMPTION AND TRANSITION AGREEMENT

THIS PENSION AND EMPLOYEE BENEFITS ASSUMPTION AND TRANSITION AGREEMENT, dated as of June 8, 2001 (this "Agreement"), is entered into by and between Plains Resources Inc., a Delaware corporation ("Parent"), Plains All American Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("PAAI") and Plains All American GP LLC, a Delaware limited liability company (the "Successor GP"). Capitalized terms used herein, unless otherwise defined herein, shall have the meanings assigned to them in the Contribution Agreement (defined below).

WITNESSETH

WHEREAS, pursuant to multiple Unit Transfer and Contribution Agreements, dated as of May 8, 2001 or thereafter, each as amended from time to time (collectively, the "Contribution Agreement"), by and among Parent, PAAI and certain purchasers ("Buyers"), Buyers are purchasing certain subordinated units, a portion of the general partner interest and incentive distribution rights of Plains All American Pipeline, L.P. (the "MLP"), effective as of the Closing Date of the Contribution Agreement;

WHEREAS, prior to the Closing Date, PAAI was the sole general partner of the MLP and certain affiliates of the MLP;

WHEREAS, prior to the Closing Date, PAAI has, among other actions, formed the Successor GP pursuant to the Delaware Limited Liability Company Act and in connection with the Contribution Agreement, all of the property used in the trade or business of PAAI as general partner of the MLP will be transferred to the Successor GP;

WHEREAS, in connection with the Contribution Agreement, all of the property used in the trade or business associated with the headquarter employees described in Section 1(a)(ii) of this Agreement will be transferred by Parent to the Successor GP;

WHEREAS, in connection with the Contribution Agreement, the Successor GP will succeed to the management and business activities formerly performed by PAAI;

WHEREAS, pursuant to Section 5.10(a) of the Contribution Agreement, as of the Closing Date, Parent, PAAI and the Successor GP shall (i) identify the headquarter employees of Parent engaged in the business of managing the MLP that will be transferred to the Successor GP and (ii) provide for the immediate transfer of employment of such headquarter employees and the immediate transfer of all of the current employees of PAAI to the Successor GP (collectively, the "Transferred Employees") and make such arrangements as are necessary with respect to compensation and employee benefit plans for Transferred Employees, all as immediately as practicable;

WHEREAS, pursuant to Section 5.10(a) of the Contribution Agreement, as of the Closing Date, Parent, PAAI and the Successor GP are to determine the treatment of obligations and liabilities under certain employee benefit plans in which Transferred Employees participate and enter into any transition services arrangements deemed necessary by the parties for a period of no more than three months following the Closing Date;

WHEREAS, Parent, PAAI and the Successor GP desire to set forth their obligations and liabilities with respect to Transferred Employees and to establish necessary transition services arrangements for Transferred Employees; and

WHEREAS, this Agreement is being executed simultaneously with the Closing of the Contribution Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

Section 1. Transferred Employees' Covenants.

(a) Transferred Employees. The Transferred Employees shall include (i) all of the employees employed by PAAI immediately prior to the Closing Date and (ii) the headquarter employees employed by Parent immediately prior to the Closing Date who perform services related to the business of managing the MLP and are identified on Schedule A attached hereto.

(b) Employment Agreements. Effective as of the Closing Date, the Successor GP will assume the obligations under the employment agreements between Parent and Greg Armstrong dated March 1, 1993, as amended, and between Parent and Harry Pefanis dated November 23, 1998, in accordance with the amendment and restatement of such employment agreements as approved by the Board of Directors of PAAI as sole member of the Successor GP.

(c) Transition and Retention Bonuses. The transition bonuses approved by the Compensation Committee of Parent on May 7, 2001 for certain Transferred Employees will be paid by Parent to each such Transferred Employee for the account of the Successor GP as soon as practicable following the date such bonuses are earned. In addition, any portion of the retention bonus under the Parent's retention bonus program announced to employees in December 2000 with respect to a Transferred Employee that is unpaid as of the Closing Date will be paid by Parent to each such Transferred Employee for the account of the Successor GP as soon as practicable following the date such bonus is earned in accordance with the retention bonus program. Parent shall grant each Transferred Employee credit for service with the Successor GP for all purposes under the Parent's retention bonus program.

(d) 1996 Stock Incentive Plan.

(i) With respect to options granted to Transferred Employees (who are not key employees described in Section 1(d)(ii) below) under Parent's 1996 Stock Incentive Plan that are unvested and forfeitable as of the Closing Date, each

such Transferred Employee shall receive an amount of cash equal to the difference between (A) the average of the closing sales prices on the American Stock Exchange of the Parent stock for the five trading days immediately preceding the date hereof and (B) the option exercise price of such options, multiplied by the number of unvested shares subject to such options. Such amount shall be paid by Parent as soon as practicable following the Closing Date.

(ii) With respect to options granted to certain key Transferred Employees (identified on Schedule D attached hereto) under Parent's 1996 Stock Incentive Plan that are unvested on the Closing Date, PAAI shall grant, and the Successor GP shall assume administrative responsibility for, phantom equity awards (payable in subordinated units of the MLP or, to the extent all subordinated units outstanding have been converted into common units, payable in common units) comparable in value to such options and subject to the same vesting schedule as such options. The number of subordinated units of the MLP subject to such phantom equity awards shall be determined for each such Transferred Employee by (A) multiplying the difference between (1) the average of the closing sales prices on the American Stock Exchange of the Parent stock for the five trading days immediately preceding the date hereof and (2) the option exercise price of such options, by the number of unvested shares subject to such options, and (B) dividing the result in clause (A) by $22.00, rounded up to the nearest whole unit. Such phantom equity awards shall provide for distribution equivalent rights ("DERs"), i.e., the right to receive the cash equivalent of any distributions made with respect to a subordinated unit during the period from the Closing Date and prior to the vesting of such phantom equity award, that shall be payable in cash on the vesting of the applicable phantom equity award. Parent shall, or shall cause its Affiliates to, deliver to each such Transferred Employee for the account of the Successor GP on or prior to vesting such number of subordinated units of the MLP subject to phantom equity awards and cash equal to the DERs as determined above in accordance with the vesting schedule of such phantom equity awards. Documents evidencing such grants shall be delivered as soon as practicable after the Closing Date.

(e) Officers' Retirement Plan. The vesting service for each of the Transferred Employees with a Deferred Compensation Agreement on the date hereof is set forth in Schedule C attached hereto. With respect to the vested portion of his Deferred Compensation Agreement, each such Transferred Employee shall have the option to receive (X) (i) such number of subordinated units of the MLP valued at $22.00 equal to the Present Value of such obligation on the date hereof rounded up to the nearest whole unit, or (ii) cash equal in value to the Present Value of such obligation on the date hereof (provided such Transferred Employee applies such cash (net of taxes required under (Y) below) to the purchase of an interest in PAA Management LLC and PAA Management, L.P.) (Y) less applicable tax withholding. Present Value for this purpose shall have the meaning set forth in the applicable Deferred Compensation Agreement. Parent hereby agrees that it shall pay or deliver such amounts with respect to each such Transferred Employee's Deferred Compensation Agreement as soon as practicable on or following the date hereof in accordance with the Transferred Employee's instructions. In

consideration of the receipt of the amounts described in the foregoing provisions of this clause (e), each Transferred Employee shall agree to relinquish all rights with respect to such Transferred Employee's Deferred Compensation Agreement.

(f) Long-Term Incentive Plan. Effective as of the Closing Date, the Successor GP shall assume the PAAI 1998 Long-Term Incentive Plan and all outstanding awards granted thereunder that are unvested as of the Closing Date on the same terms and conditions. All non-employee director awards will vest on the date hereof in accordance with their terms. Such director awards shall be paid by PAAI or its Affiliates in accordance with the terms of the plan as soon as practicable following the date hereof and PAAI shall be reimbursed by the MLP for such payments in accordance with the MLP Partnership Agreement. Except with respect to such director awards, Parent and PAAI shall have no future liability with respect to such plan and such unvested awards; provided, however, that the parties hereto acknowledge that the Successor GP, upon vesting of such awards, may seek to satisfy such awards by the purchase of common units of the MLP directly or indirectly from Parent or PAAI.

(g) Qualified Retirement Plans.

(i) Parent 401(k) Plan.

(A) As soon as practicable after the date hereof, the Successor GP shall establish or designate, and maintain, a qualified defined contribution plan (the "Successor 401(k) Plan") to provide benefits to the Transferred Employees who, on the Closing Date, are participants in the Parent 401(k) Plan ("Plan Participants") which are substantially equivalent to the benefits provided to participants under the Parent 401(k) Plan (provided, however, that all matching contributions may be paid in cash). The Successor 401(k) Plan shall be qualified under Sections 401(a) and 401(k) of the Code and shall provide the Plan Participants credit for service with Parent and its affiliates (including PAAI) and their respective predecessors prior to the Closing Date for all purposes for which service was recognized under the Parent 401(k) Plan.

(B) As soon as practicable after the filing of the determination letter request described in clause (C) below, Parent shall cause the trustee of the Parent 401(k) Plan to transfer to the trust forming a part of the Successor 401(k) Plan cash or assets in which Plan Participants are currently invested (or with respect to participant loans granted prior to the Closing Date, if any, such loans and any promissory notes or other documents evidencing such loans) in an amount equal to the account balances of Plan Participants as of a valuation date (the "Valuation Date") not more than 60 days preceding the date of transfer, increased by any contributions due for periods prior to the Closing Date and not made as of the Valuation Date, reduced by any benefits paid during the period following such Valuation Date to the date of transfer, and adjusted for any investment earnings or losses during the period following such Valuation Date to the date of transfer (the "Account Balances").

(C) No later than 60 days after the Closing Date, the Successor GP shall file a request for a determination letter with the IRS that the Successor 401(k) Plan and related trust satisfy the requirements for qualification under Sections 401(a) and 401(k) of the Code. The Successor GP agrees that it shall amend the Successor 401(k) Plan in any respect as may be required by the IRS in order to receive a favorable determination letter from the IRS that the Successor 401(k) Plan and related trust satisfy the requirements for qualification under Sections 401(a) and 401(k) of the Code. No transfer shall be made unless the Successor GP files with the IRS the request for determination letter referred to in this clause (C).

(D) In consideration of the agreements of Parent contained in clauses (B) and (C) of this Section 1(g)(i), the Successor GP shall, effective as of the Closing Date, assume all of the liabilities and obligations of Parent and its affiliates in respect of the Plan Participants and their beneficiaries under the Parent 401(k) Plan, and Parent and its affiliates and the Parent 401(k) Plan shall, except to the extent set forth in this Agreement, be relieved of all liabilities and obligations to the Plan Participants and their beneficiaries arising out of the Parent 401(k) Plan.

(ii) Permian Plans. Effective as of the Closing Date, the Successor GP acknowledges and agrees that it shall take all actions necessary to assume the responsibilities and activities formerly performed by Parent and PAAI with respect to the administration of the Permian Corporation Savings Plan and Permian Corporation Retirement Plan. Parent and PAAI shall have no future liability with respect to such responsibilities and activities.

(h) W-2 Matters. Pursuant to IRS Revenue Procedure 96-60, the Successor GP shall assume Parent's and PAAI's respective obligations to furnish Forms W-2 to Transferred Employees for the calendar year in which the Closing Date occurs. Parent and PAAI will provide the Successor GP with any information relating to periods ending on the Closing Date necessary for the Successor GP to prepare and distribute Forms W-2 to Transferred Employees for the calendar year in which the Closing Date occurs, which Forms W-2 will include all remuneration earned by Transferred Employees from Parent, PAAI and the Successor GP during such year, and the Successor GP will prepare and distribute such forms.

(i) The Successor GP Plans. No later than the end of the Transition Period (as defined below): (i) the Successor GP shall establish, for the benefit of the Transferred Employees, employee benefit plans (the "Successor GP Plans") that will provide benefits comparable to those provided to the Transferred Employees under the Parent Plans identified in Schedule D hereto, and (ii) the Transferred Employees will be participants in the Successor GP Plans to the extent that any such Transferred Employees were participants in the Parent Plans during the Transition Period. Further, (i) the Transferred Employees who are participants in the Successor GP Plans shall receive credit for service with Parent and PAAI to the same extent service was counted under similar Parent Plans; (ii) with respect to medical, dental and health plans established by the Successor GP, any

such plans (a) shall not include pre-existing conditions exclusions except to the extent that such exclusions were applicable under the similar Parent Plan immediately prior to the end of the Transition Period, and (b) shall provide credit in the current year for any deductibles and co-payments applied or made with respect to each Transferred Employee.

Section 2. Transition Period. Except as otherwise provided herein, during the period commencing after the close of business on the Closing Date and ending on June 30, 2001, or such earlier date as mutually agreed upon by the parties hereto (the "Transition Period"), the Transferred Employees will continue to be provided with the benefits under certain employee benefits plans of Parent and PAAI as set forth herein. For purposes of Section 1 of this Agreement, the Closing Date shall be the last day of the Transition Period.

Section 3. Services.

(a) Transition Services. During the Transition Period, Parent shall provide (or cause its Affiliates to provide) the following services (the "Transition Services") to the Successor GP on behalf of the Transferred Employees:

(i) payroll processing, payroll deduction, tax withholding and tax reporting services.

(ii) maintenance and administration of the plans of Parent and PAAI identified on Schedule D hereto (the "Parent Plans") for the benefit of the Transferred Employees in accordance with and subject to the terms of the Parent Plans. All employee contributions of Transferred Employees under the Parent Plans shall be deducted in accordance with the payroll deduction processes maintained by Parent consistent with past practice and paid by Parent to the Parent Plans in accordance with the terms of the Parent Plans.

(b) For twelve months following the date hereof (and for such longer period as to which the parties may hereafter agree), Parent shall provide the services of the Parent's Environmental Health and Safety Manager to the Successor GP on the same basis that such services were provided to PAAI.

Section 4. Standard of Services.

(a) Parent shall perform the Transition Services at comparable levels of performance, completeness, care and attention and in accordance with service standards- and operating procedures, that are consistent with the practices of Parent in performing such services prior to the Closing Date of the Contribution Agreement.

(b) The Successor GP shall make available to Parent on a timely basis all data, information and other materials within its control that are reasonably necessary for Parent to perform, or cause to be performed, the Transition Services. The parties hereto agree that Parent shall have no liability for any failure to perform or for the late performance of any of the Transition Services to the extent such non-performance or late performance

results from having failed to provide, or cause be provided to, Parent, the data, information or other materials required to perform the Transition Services.

(c) Parent shall (i) maintain records regarding Transition Services in the same manner that it has kept records for itself prior to the date hereof, and (ii) provide the Successor GP with reasonable access to such records.

Section 5. Employee Benefits Costs and Reimbursements. Parent shall invoice the Successor GP for, and Successor GP shall pay or cause to be paid, all employee benefits and compensation costs and reimbursements in amounts and in time periods consistent with past practice utilized by Parent and PAAI in connection with employee services provided to the MLP. In addition, employee benefits and compensation costs and reimbursements with respect to services provided by Parent's Environmental Health and Safety Manager to the Successor GP shall be payable by the Successor GP under this Agreement consistent with past practice of such employee's provision of services to PAAI.

Section 6. Covenants. Notwithstanding anything in this Agreement to the contrary, in the event that, following the date hereof, Parent, PAAI and the Successor GP determine any additional transition services not described in this Agreement exist, Parent, PAAI and the Successor GP hereby agree to cooperate and negotiate in good faith with respect to the provision of any such transition services for a period of up to three months following the Closing Date.

Section 7. Independent Contractor. Parent shall not have any responsibility with respect to the management or operation of the business being transferred to Successor GP, and its responsibilities shall be limited to providing the Transition Services described herein. Parent shall provide the Transition Services as an independent contractor only, and this Agreement does not and shall not be construed as creating a joint venture, partnership or agency relationship between the parties. No employee of one party shall be considered an employee of the other party for any purpose.

Section 8. Indemnification.

(a) Indemnification by Parent and PAAI. Notwithstanding any other provisions of this Agreement, each of Parent and PAAI hereby agrees to indemnify and hold harmless: (i) the Successor GP, (ii) each of the Successor GP's Subsidiaries and Affiliates (each as defined in the Contribution Agreement), and (iii) each of their respective directors, officers, employees, agents, representatives, successors and assigns, from and against, any liability, loss, damage, cost or expense (including reasonable attorneys' fees and disbursements), incurred or suffered by any such indemnified person with respect to, (1) any claims or suits brought by any third party against any such indemnified person with respect to, or arising out of, any action (or omission) by a Transferred Employee identified on Schedule A attached hereto on or before the last day of the Transition Period; or (2) any claims or suits brought by any Transferred Employee identified on Schedule A attached hereto (or his or her beneficiary, representative or estate) against any such indemnified person (X) with respect to, or arising out of, any

action (or omission) by such indemnified person occurring or deemed incurred on or before the last day of the Transition Period, or (Y) with respect to, or arising out of, or relating to all claims under the applicable Parent Plans, occurring or deemed incurred on or before the last day of the Transition Period. In addition, each of Parent and PAAI hereby agrees to indemnify and hold harmless: (i) the Successor GP, (ii) each of the Successor GP's Subsidiaries and Affiliates (each as defined in the Contribution Agreement), and (iii) each of their respective directors, officers, employees, agents, representatives, successors and assigns, from and against any liability, loss, damage, cost or expense (including reasonable attorney's fees and disbursements), incurred or suffered by any such indemnified person with respect to, (i) any claim for health benefits (including, without limitation, claims for medical, prescription drug, dental or vision care expenses), (ii) any claim for medical or disability benefits and (iii) any claim for benefits other than health benefits (e.g., life insurance benefits or any claim relating to employment laws), to which any Transferred Employee (or his or her beneficiary, representative or estate) is entitled under the Parent Plans. For purposes of this Agreement, (i) a claim for health benefits (including, without limitation, claims for medical, prescription drug, dental and vision care expenses) will be deemed to have been incurred on the date on which the related medical service or benefit was rendered or received, (ii) a claim for medical, or disability benefits will be deemed to have been incurred upon the occurrence of the event giving rise to such claims, and (iii) in the case of any claim for benefits other than health benefits (e.g., life insurance benefits or any claim relating to employment laws), a claim will be deemed to have been incurred upon the occurrence of the event giving rise to such claims.

(b) Indemnification by the Successor GP. Notwithstanding any other provision of this Agreement, the Successor GP hereby agrees to indemnify and hold harmless: (i) each of Parent and PAAI, (ii) each of Parent and PAAI's Subsidiaries and Affiliates (each as defined in the Contribution Agreement), and (iii) each of their respective directors, officers, employees, agents, representatives, successors and assigns, from and against, any liability, loss, damage, cost or expense (including reasonable attorneys' fees and disbursements), incurred or suffered by any such indemnified person with respect to, (A) any claims or suits brought by any third party against any such indemnified person with respect to, or arising out of, any action (or omission) by a Transferred Employee (except that, with respect to a Transferred Employee identified on Schedule A attached hereto, such indemnification shall relate to any action or omission by such Transferred Employee after the last day of the Transition Period), (B) any claims or suits brought by any Transferred Employee (or his or her beneficiary, representative or estate) against any such indemnified person (X) with respect to, or arising out of, any action (or omission) by the Successor GP, occurring or deemed incurred after the last day of the Transition Period, or (Y) to the extent not indemnified pursuant to the second sentence of Section 8(a), with respect to, or arising out of, or relating to all claims under the applicable Parent Plans or any other claim arising out of or related to a Transferring Employee's employment (except that, with respect to a Transferred Employee identified on Schedule A attached hereto, such indemnification shall relate to any such claim occurring or deemed incurred after the last day of the Transition Period) or (C) with respect to or arising out of, or relating to any claims by third parties in connection with the provision by Parent of the Transition Services if Parent shall have complied with the

standard of service set forth in Section 4(a) in connection with the event giving rise to the claim.

Section 9. Notices. All notices which are required or may be given pursuant to the terms of this Agreement shall be deemed to have been duly given if such notice is given in accordance with the terms of the Contribution Agreement or to such other address as either party may, from time to time, designate by written notice given in like manner.

Section 10. Waiver. Any waiver of any term of this Agreement must be in writing and signed by the party against whom enforcement of the waiver is sought. No waiver of any condition, or of the breach of any provision hereof, in any one or more instances, shall be deemed to be a further or continuing waiver of such condition or breach. Delay or failure to exercise any right or remedy shall not be deemed the waiver hereof.

Section 11. Entire Agreement. This Agreement and the schedules attached hereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written between the parties hereto with respect to the subject matter hereof. No representation, warranty, promise, inducement or statement of intention has been made by either party which is not embodied in this Agreement or such other documents, and neither party shall be bound by, or be liable for, any alleged representation, warranty, promise, inducement or statement of intention not embodied herein or therein.

Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas applicable to contracts executed in and to be performed in that state and without regard to any applicable conflicts of law. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any Texas state or federal Court located in Houston, Texas. In connection with the foregoing, each of the parties to this Agreement irrevocably (i) consents to submit itself to the personal jurisdiction of the state and federal Courts of competent jurisdiction located in Houston, Texas, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such Court, and (iii) hereby consents to service of process pursuant to the notice provisions set forth in Section 9 of this Agreement.

Section 13. Headings. The headings appearing at the beginning of sections contained herein have been inserted for identification and reference purposes and shall not be used to determine the construction or interpretation of this Agreement.

Section 14. Counterparts. This Agreement may be executed in counterpart copies, all of which when taken together shall be deemed to constitute one and the same original instruments.

Section 15. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or any reason of this Agreement.

Section 16. Assignability. Neither this Agreement nor any of the parties' rights hereunder shall be assignable by any party hereto without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

Section 17. Contribution Agreement. This Agreement and the obligations of the parties hereunder shall be conditioned upon the closing of the Contribution Agreement. If the closing of the Contribution Agreement does not occur, or if the Contribution Agreement is terminated or abandoned, this Agreement shall become null and void.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

PLAINS RESOURCES INC.

By: ______________________________
Name:
Title:

PLAINS ALL AMERICAN INC.

By: ______________________________
Name:
Title:

PLAINS ALL AMERICAN GP LLC

By: ______________________________
Name:
Title:

Schedule A to
Pension and Employee Benefits
Assumption and Transition Agreement

Greg L. Armstrong

Monya Churchill

Mary Denton

A. Pat Diamond

Linda Kennedy

Philip D. Kramer

Tim Moore

Harry N. Pefanis

Al Swanson

Carolyn Tice

Schedule B to
Pension and Employee Benefits
Assumption and Transition Agreement

Greg L. Armstrong

A. Pat Diamond

Philip D. Kramer

Tim Moore

Harry N. Pefanis

Al Swanson

Schedule C to
Pension and Employee Benefits
Assumption and Transition Agreement

Employee	Years of Service
Greg L. Armstrong	15
Philip D. Kramer	15
Tim Moore	5
Harry N. Pefanis	15

Schedule D to
Pension and Employee Benefits
Assumption and Transition Agreement

Parent Plans

1) Plains Resources, Inc. Group Health, Dental and Drug Plan
2) Plains Resources, Inc. 401k Savings Plan
3) Plains Resources, Inc. Life and Accidental Death and Dismemberment Plan
4) Plains Resources, Inc. Voluntary Life and Accidental Death and Dismemberment Plan
5) Plains Resources Inc. Section 125 Cafeteria Plan
6) Plains Resources, Inc. Long Term Disability Plan
7) The Permian Corporation Savings Plan
8) The Permian Corporation Retirement Plan

Exhibit 99.1

PLAINS ALL AMERICAN PIPELINE
NEWS RELEASE

CONTACTS: PHILLIP D. KRAMER
EXECUTIVE VICE PRESIDENT AND CFO
(713) 646-4560 - (800) 564-3036

A. PATRICK DIAMOND
MANAGER, SPECIAL PROJECTS
(713) 646-4487 - (800) 564-3036

FOR IMMEDIATE RELEASE

PLAINS ALL AMERICAN PIPELINE, L.P. ANNOUNCES COMPLETION OF STRATEGIC TRANSACTION INVOLVING GENERAL PARTNER

Board of General Partner Expanded to Include Gary R. Petersen, John T. Raymond and J. Taft Symonds

(Houston - June 11, 2001) Plains All American Pipeline, L.P. (NYSE: PAA) announced today the completion of a strategic transaction involving its general partner. In connection with the transaction, an investor group comprised of Kayne Anderson Capital Advisors, EnCap Investments, James C. Flores, Strome Investments, John T. Raymond and an entity controlled by Greg L. Armstrong and other members of the management of PAA, acquired an aggregate 54% ownership interest in the general partner from a subsidiary of Plains Resources Inc. (AMEX: PLX). In addition, Plains Resources has made available an incremental 2% aggregate ownership in the general partner to the management entity. At the closing of the transaction, a new entity owned by the investor group became the general partner of PAA. As a result of this transaction and a recent equity offering conducted by the Partnership, Plains Resources' effective ownership in PAA has been reduced to 34% from 54%.

Greg L. Armstrong, Chairman and CEO of Plains All American said, "This transaction is a very significant event in Plains All American's history. This transaction allows the Partnership's senior management team to focus 100% of its efforts on aggressively increasing the level of distributions to its unitholders."

Armstrong also noted the alignment of interests among the new owners, the senior management of PAA and Plains All American's unitholders based on their significant investment in both the general partner and the Partnership's units. In connection with the transaction, the board of the general partner was reconstituted and expanded to include three additional members.

"We are very pleased to have Gary Petersen, John Raymond and Taft Symonds join our board. They share our vision of aggressive growth for Plains All American and bring a wealth of experience and expertise to the board. In addition, the owners of the new general partner bring to

--MORE--

bear substantial capital resources and industry expertise that will enhance the growth profile of the Partnership," said Armstrong.

PLAINS ALL AMERICAN'S SENIOR MANAGEMENT TEAM

Following are the members of Plains All American's management team:

Greg L. Armstrong, Chairman and Chief Executive Officer
Harry Pefanis, President and Chief Operating Officer
Phil Kramer, Executive Vice President and Chief Financial Officer
George Coiner, Senior Vice President
Al Lindseth, Vice President, Administration
Tim Moore, Vice President and General Counsel
Mark Shires, Vice President, Operations
Al Swanson, Treasurer
Larry Dreyfuss, Associate General Counsel and Assistant Secretary
A. Patrick Diamond, Manager, Special Projects

BOARD OF DIRECTORS

The Board of Directors of Plains All American GP LLC, the governing entity for Plains All American's general partner is comprised of seven directors as follows:

Greg L. Armstrong, Chairman and Chief Executive Officer, Plains All American
Everardo Goyanes, President and CEO, Liberty Energy Holdings
Gary R. Petersen, Managing Director, Encap Investments LLC
John T. Raymond, EVP and Chief Operating Officer, Plains Resources Inc.
Robert V. Sinnott, Vice President, Kayne Anderson Investment Management, Inc.
Arthur L. Smith, Chairman, John. S. Herold, Inc.
J. Taft Symonds, Chairman of the Board, Maurice Pincoffs Co., Inc.

OWNERSHIP OF GENERAL PARTNER

The new general partner of PAA is owned, directly or indirectly, as follows:

Plains Resources Inc.	44%
Kayne Anderson Capital Advisors	20%
James C. Flores	19%
EnCap Investments	9%
PAA Management	4%
Strome Investments	3%
John T. Raymond	1%

The foregoing percentages are approximate and include ownership attributable to the option on the incremental 2% held by Plains All American's management team.

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INVESTOR GROUP

Kayne Anderson Capital Advisors is a Los Angeles-based registered investment advisor that was founded in 1984. It manages the assets of individuals, institutions and a series of private investment funds. Its largest fund, Kayne Anderson Energy Fund, LP, concentrates on investing in public and private oil and gas companies. Together with its affiliate, Kayne Anderson Rudnick Investment Management, Kayne Anderson manages over $6.5 billion in assets.

EnCap Investments LLC is a Houston-based oil and gas institutional fund management firm that was founded in 1988. It manages more than $600 million in institutional oil and gas investment funds in the United States, as well as Energy Capital Investment Company, PLC, a publicly traded investment company in the United Kingdom. EnCap is a subsidiary of El Paso Energy Corporation.

James C. Flores, is Chairman and CEO of Plains Resources Inc. and John T. Raymond is Executive Vice President and Chief Operating Officer of Plains Resources Inc.

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties. The risks and uncertainties associated with the Partnership's business include, among other things, demand for various grades of crude oil and resulting changes in pricing conditions, successful third party drilling efforts and completion of announced oil-sands projects, availability of third party production volumes for transportation and marketing, regulatory changes, the availability of acquisition opportunities on terms favorable to the Partnership, the availability to Plains All American of credit on satisfactory terms, successful integration and future performance of recently acquired assets, and other factors and uncertainties inherent in the marketing, transportation, terminalling, gathering and storage of crude oil discussed in the Partnership's filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the period ended December 31, 2000.

Plains All American Pipeline, L.P. is engaged in interstate and intrastate crude oil transportation, terminalling and storage, as well as crude oil gathering and marketing activities, primarily in California, Texas, Oklahoma, Louisiana, the Gulf of Mexico and the Provinces of Alberta and Saskatchewan. The Partnership's common units are traded on the New York Stock Exchange under the symbol "PAA". The Partnership is headquartered in Houston, Texas.

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