PART III

Item 10. *Directors and Executive Officers of Our General Partner*

Partnership Management and Governance

As is the case with many publicly traded partnerships, we do not directly have officers, directors or employees. Our operations and activities are managed by the general partner of our general partner, Plains All American GP LLC ("GP LLC"), which employs our management and operational personnel (other than our Canadian personnel who are employed by PMC (Nova Scotia) Company). References to our general partner, unless the context otherwise requires, include GP LLC. References to our officers, directors and employees are references to the officers, directors and employees of GP LLC (or, in the case of our Canadian and LPG operations, PMC (Nova Scotia) Company).

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

Our partnership agreement provides that the general partner will manage and operate us and that, unlike holders of common stock in a corporation, unitholders will have only limited voting rights on matters affecting our business or governance. The corporate governance of GP LLC is, in effect, the corporate governance of our partnership, subject in all cases to any specific unitholder rights contained in our partnership agreement. Specifically, our partnership agreement defines "Board of Directors" to mean the board of directors of GP LLC, which consists of up to eight directors elected by the members of GP LLC, and not by our unitholders. The Board currently consists of seven directors. Under the Second Amended and Restated Limited Liability Company Agreement of GP LLC (the "GP LLC Agreement"), three of the members of GP LLC have the right to designate one director each and our CEO is a director by virtue of holding the office. In addition, the GP LLC Agreement provides that three independent directors and an eighth seat that is currently vacant are elected, and may be removed, by a majority of the membership interest. The vacant seat is not required to be independent.

In August 2005, a former member's 19% interest in the general partner was sold pro rata to the other general partner owners, resulting in Vulcan Energy's ownership interest increasing from 44% to 54% and the ownership set forth under Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters—Beneficial Ownership of General Partner Interest."

In connection with this transaction, Vulcan Energy entered into an agreement with GP LLC pursuant to which Vulcan Energy has agreed to restrict certain of its voting rights to help preserve a balanced board. Vulcan Energy has agreed that, with respect to any action taken with respect to the election or removal of an independent director, Vulcan Energy will vote all of its interest in excess of 49.9% in the same way and proportionate to the votes of all membership interests other than Vulcan Energy's. Without the voting agreement, Vulcan Energy's ownership interest would allow Vulcan Energy, in effect, to unilaterally elect five of the eight board seats: the Vulcan Energy designee, the currently vacant seat and the three independent directors (subject, in the case of the independent directors, to the qualification requirements of the GP LLC Agreement, our partnership agreement, NYSE listing standards and SEC regulations). Vulcan Energy has the right at any time to give notice of termination of the agreement. The time between notice and termination depends on the circumstances, but would never be longer than one year. Upon any breach or termination by Vulcan Energy of, or notice of termination under, the voting agreement, employment agreement waivers obtained in connection with the August 2005 change of control would terminate. See Item 11. "Executive Compensation—Employment Contracts and Termination of Employment and Change-in-Control Arrangements."

Lynx Holdings I, LLC also agreed to certain restrictions on its voting rights with respect to its approximate 1.2% interest in GP LLC and Plains AAP, L.P. The Lynx voting agreement requires Lynx to vote its membership interest (in the context of elections or the removal of an independent director) in the same way and proportionate to the votes of the other membership interests (excluding Vulcan's and Lynx's). Lynx has the right to terminate its voting agreement at any time upon termination of the Vulcan voting agreement or the sale or transfer of all of its interest in the general partner to an unaffiliated third party.

Non-management directors meet in executive session in connection with each regular board meeting. Each non-management director acts as presiding director at the regularly scheduled executive sessions, rotating alphabetically by last name.

Interested parties can communicate directly with non-management directors by mail in care of Tim Moore, General Counsel and Secretary or Sharon Spurlin, Director of Internal Audit, Plains All American Pipeline, L.P., 333 Clay Street, Suite 1600, Houston, Texas 77002. Such communications should specify the intended recipient or recipients. Commercial solicitations or communications will not be forwarded.

Because we are a limited partnership, the listing standards of the NYSE do not require that we or our general partner have a majority of independent directors or a nominating or compensation committee of the board of directors. However, we are required to have an audit committee and all of its members are required to be "independent" as defined by the NYSE.

Under NYSE listing standards, to be considered independent, a director must be determined to have no material relationship with us other than as a director. The standards specify the criteria by which the independence of directors will be determined, including guidelines for directors and their immediate family members with respect to employment or affiliation with us or with our independent public accountants.

We have an audit committee that reviews our external financial reporting, engages our independent auditors and reviews the adequacy of our internal accounting controls. The Board of Directors has determined that each member of our audit committee (Messrs. Goyanes, Smith and Symonds) is (i) "independent" under applicable NYSE rules and (ii) an "Audit Committee Financial Expert," as that term is defined in Item 401 of Regulation S-K.

In determining the independence of the members of our audit committee, the Board of Directors considered the relationships described below:

Mr. Everardo Goyanes, the chairman of our audit committee, is President and Chief Executive Officer of Liberty Energy Holdings LLC ("LEH"), a subsidiary of Liberty Mutual Insurance Company. LEH makes investments in producing properties, from some of which Plains Marketing, L.P. buys the production. LEH does not operate the properties in which it invests. Plains Marketing pays the same amount per barrel to LEH that it pays to other interest owners in the properties. In 2005, the amount paid to LEH by Plains Marketing was approximately $1.6 million (net of severance taxes). The Board has determined that the transactions with LEH are not material and do not compromise Mr. Goyanes' independence.

Mr. J. Taft Symonds, a member of our audit committee, is a director and the non-executive Chairman of the Board of Tetra Technologies, Inc. ("Tetra"). A subsidiary of Tetra owns crude oil producing properties, from some of which Plains Marketing buys the production. We paid approximately $8.9 million (net of severance taxes) to the Tetra subsidiary in 2005. Mr. Symonds was not and is not an officer of Tetra, and does not participate in operational decision making, including decisions concerning selection of crude oil purchasers or entering into sales or marketing arrangements. The Board has determined that the transactions with Tetra are not material and do not compromise Mr. Symonds' independence.

Mr. Arthur L. Smith, a member of our audit committee, has no relationships with either GP LLC or us, other than as a director and unitholder.

We have a compensation committee that reviews and makes recommendations regarding the compensation for the executive officers and administers our equity compensation plans for officers and key employees. We also have a governance committee that periodically reviews our governance guidelines. In addition, our partnership agreement provides for the establishment or activation of a conflicts committee as circumstances warrant to review conflicts of interest between us and our general partner or the owners of our general partner. Such a committee would consist of a minimum of two members, none of whom can be officers or employees of our general partner or directors, officers or employees of its affiliates nor owners of the general partner interest. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties owed to us or our unitholders. The members of our audit committee and other committees are indicated in the table below under "—Directors and Executive Officers."

Our committee charters and governance guidelines, as well as our Code of Business Conduct and our Code of Ethics for Senior Financial Officers, which apply to our principal executive officer, principal financial officer and principal accounting officer, are available on our Internet website at http://www.paalp.com. Print versions of the foregoing are available to any unitholder upon request by writing to our Corporate Secretary, Plains All American

Pipeline, L.P., 333 Clay Street, Suite 1600, Houston, Texas 77002. We intend to disclose any amendment to or waiver of the Code of Ethics for Senior Financial Officers and any waiver of our Code of Business Conduct on behalf of an executive officer or director either on our Internet website or in an 8-K filing pursuant to Item 5.05 thereof. Our Chief Executive Officer submitted to the NYSE the most recent annual certification, without qualification, as required by Section 303A.12(a) of the NYSE's Listed Company Manual.

Report of the Audit Committee

The audit committee of Plains All American GP LLC oversees the Partnership's financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls.

In fulfilling its oversight responsibilities, the audit committee reviewed and discussed with management the audited financial statements contained in this Annual Report on Form 10-K.

The Partnership's independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for expressing an opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States of America and opinions on management's assessment and on the effectiveness of the Partnership's internal control over financial reporting. The audit committee reviewed with PricewaterhouseCoopers LLP their judgment as to the quality, not just the acceptability, of the Partnership's accounting principles and such other matters as are required to be discussed with the audit committee under generally accepted auditing standards.

The audit committee discussed with PricewaterhouseCoopers LLP the matters required to be discussed by SAS 61 (Codification of Statement on Auditing Standards, AU § 380), as may be modified or supplemented. The committee received written disclosures and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board No. 1, *Independence Discussions with Audit Committees*, as may be modified or supplemented, and has discussed with PricewaterhouseCoopers LLP its independence from management and the Partnership.

Based on the reviews and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the SEC.

Everardo Goyanes, Chairman
Arthur L. Smith
J. Taft Symonds

Directors and Executive Officers

The following table sets forth certain information with respect to the executive officers and members of the Board of Directors of our general partner. Directors are elected annually and all executive officers are appointed by the Board of Directors to serve until their resignation, death or removal. There is no family relationship between any executive officer or director. Certain owners of our general partner each have the right to separately designate a member of our board. Such designees are indicated in the footnote to the following table.

Name	Age (as of 12/31/05)	Position with Our General Partner
Greg L. Armstrong[(1)]	47	Chairman of the Board, Chief Executive Officer and Director
Harry N. Pefanis	48	President and Chief Operating Officer
Phillip D. Kramer	49	Executive Vice President and Chief Financial Officer
George R. Coiner	55	Senior Group Vice President
W. David Duckett	50	President—PMC (Nova Scotia) Company
Mark F. Shires	48	Senior Vice President—Operations
Alfred A. Lindseth	36	Senior Vice President—Technology, Process & Risk Management
Lawrence J. Dreyfuss	51	Vice President, Associate General Counsel and Assistant Secretary; Vice President, General Counsel and Secretary of PMC (Nova Scotia) Company (the general partner of Plains Marketing Canada, L.P.)
James B. Fryfogle	54	Vice President—Refinery Supply
Jim G. Hester	46	Vice President—Acquisitions
Tim Moore	48	Vice President, General Counsel and Secretary
Daniel J. Nerbonne	48	Vice President—Engineering
John F. Russell	57	Vice President—Pipeline Operations
Al Swanson	41	Vice President—Finance and Treasurer
Tina L. Val	36	Vice President—Accounting and Chief Accounting Officer
Troy E. Valenzuela	44	Vice President—Environmental, Health and Safety
John P. vonBerg	51	Vice President—Trading
David N. Capobianco[(1)]	36	Director and Member of Compensation* Committee
Everardo Goyanes	61	Director and Member of Audit* Committee
Gary R. Petersen[(1)]	59	Director and Member of Compensation Committee
Robert V. Sinnott[(1)]	56	Director and Member of Compensation Committee
Arthur L. Smith	53	Director and Member of Audit and Governance* Committees
J. Taft Symonds	66	Director and Member of Audit and Governance Committees

* Indicates chairman of committee.

(1) The GP LLC Agreement specifies that the Chief Executive Officer of the general partner will be a member of the board of directors. The LLC Agreement also provides that certain of the owners of our general partner have the right to designate a member of our board of directors. Mr. Capobianco has been designated by Vulcan Energy Corporation, of which he is Chairman of the Board. Vulcan Energy Corporation has the right at any time to designate an additional director. Mr. Petersen has been designated by E-Holdings III, L.P., an affiliate of EnCap Investments L.P., of which he is Senior Managing Director. Mr. Sinnott has been designated by KAFU Holdings, L.P., which is affiliated with Kayne Anderson Investment Management, Inc., of which he is President. See Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters—Beneficial Ownership of General Partner Interest."

Greg L. Armstrong has served as Chairman of the Board and Chief Executive Officer since our formation in 1998. He has also served as a director of our general partner or former general partner since our formation. In addition, he was President, Chief Executive Officer and director of Plains Resources Inc. from 1992 to May 2001. He previously served Plains Resources as: President and Chief Operating Officer from October to December 1992; Executive Vice President and Chief Financial Officer from June to October 1992; Senior Vice President and Chief Financial Officer from 1991 to 1992; Vice President and Chief Financial Officer from 1984 to 1991; Corporate Secretary from 1981 to 1988; and Treasurer from 1984 to 1987. Mr. Armstrong is also a director of National Oilwell Varco, Inc. and a director of PAA/Vulcan.

Harry N. Pefanis has served as President and Chief Operating Officer since our formation in 1998. He was also a director of our former general partner. In addition, he was Executive Vice President—Midstream of Plains Resources from May 1998 to May 2001. He previously served Plains Resources as: Senior Vice President from February 1996 until May 1998; Vice President—Products Marketing from 1988 to February 1996; Manager of Products Marketing from 1987 to 1988; and Special Assistant for Corporate Planning from 1983 to 1987. Mr. Pefanis was also President of several former midstream subsidiaries of Plains Resources until our formation. Mr. Pefanis is also a director of PAA/Vulcan.

Phillip D. Kramer has served as Executive Vice President and Chief Financial Officer since our formation in 1998. In addition, he was Executive Vice President and Chief Financial Officer of Plains Resources from May 1998 to May 2001. He previously served Plains Resources as: Senior Vice President and Chief Financial Officer from May 1997 until May 1998; Vice President and Chief Financial Officer from 1992 to 1997; Vice President from 1988 to 1992; Treasurer from 1987 to 2001; and Controller from 1983 to 1987.

George R. Coiner has served as Senior Group Vice President since February 2004 and as Senior Vice President from our formation in 1998 to February 2004. In addition, he was Vice President of Plains Marketing & Transportation Inc. from November 1995 until our formation. Prior to joining Plains Marketing & Transportation Inc., he was Senior Vice President, Marketing with Scurlock Permian LLC.

W. David Duckett has been President of PMC (Nova Scotia) Company since June 2003, and Executive Vice President of PMC (Nova Scotia) Company from July 2001 to June 2003. Mr. Duckett was with CANPET Energy Group Inc. from 1985 to 2001, where he served in various capacities, including most recently as President, Chief Executive Officer and Chairman of the Board.

Mark F. Shires has served as Senior Vice President—Operations since June 2003 and as Vice President—Operations from August 1999 to June 2003. He served as Manager of Operations from April 1999 to August 1999. In addition, he was a business consultant from 1996 until April 1999. He served as a consultant to Plains Marketing & Transportation Inc. and Plains All American Pipeline, LP from May 1998 until April 1999. He previously served as President of Plains Terminal & Transfer Corporation, from 1993 to 1996.

Alfred A. Lindseth has served as Senior Vice President—Technology, Process & Risk Management since June 2003 and as Vice President—Administration from March 2001 to June 2003. He served as Risk Manager from March 2000 to March 2001. He previously served PricewaterhouseCoopers LLP in its Financial Risk Management Practice section as a Consultant from 1997 to 1999 and as Principal Consultant from 1999 to March 2000. He also served GSC Energy, an energy risk management brokerage and consulting firm, as Manager of its Oil & Gas Hedging Program from 1995 to 1996 and as Director of Research and Trading from 1996 to 1997.

Lawrence J. Dreyfuss has served as Vice President, Associate General Counsel and Assistant Secretary of our general partner since February 2004 and as Associate General Counsel and Assistant Secretary of our general partner from June 2001 to February 2004 and held a senior management position in the Law Department since May 1999. In addition, he was a Vice President of Scurlock Permian LLC from 1987 to 1999.

James B. Fryfogle has served as Vice President—Refinery Supply since March 2005. He served as Vice President—Lease Operations from July 2004 until March 2005. Prior to joining us in January 2004, Mr. Fryfogle served as Manager of Crude Supply and Trading for Marathon Ashland Petroleum. Mr. Fryfogle had held numerous positions of increasing responsibility with Marathon Ashland Petroleum or its affiliates or predecessors since 1975.

Jim G. Hester has served as Vice President—Acquisitions since March 2002. Prior to joining us, Mr. Hester was Senior Vice President—Special Projects of Plains Resources. From May 2001 to December 2001, he was Senior Vice President—Operations for Plains Resources. From May 1999 to May 2001, he was Vice President—Business Development and Acquisitions of Plains Resources. He was Manager of Business Development and Acquisitions of Plains Resources from 1997 to May 1999, Manager of Corporate Development from 1995 to 1997 and Manager of Special Projects from 1993 to 1995. He was Assistant Controller from 1991 to 1993, Accounting Manager from 1990 to 1991 and Revenue Accounting Supervisor from 1988 to 1990.

Tim Moore has served as Vice President, General Counsel and Secretary since May 2000. In addition, he was Vice President, General Counsel and Secretary of Plains Resources from May 2000 to May 2001. Prior to joining Plains Resources, he served in various positions, including General Counsel—Corporate, with TransTexas Gas Corporation from 1994 to 2000. He previously was a corporate attorney with the Houston office of Weil, Gotshal & Manges LLP. Mr. Moore also has seven years of energy industry experience as a petroleum geologist.

John F. Russell has served as Vice President—Pipeline Operations since July 2004. Prior to joining us, Mr. Russell served as Vice President of Business Development & Joint Interest for ExxonMobil Pipeline Company. Mr. Russell had held numerous positions of increasing responsibility with ExxonMobil Pipeline Company or its affiliates or predecessors since 1974.

Daniel J. Nerbonne has served as Vice President—Engineering since February 2005. Prior to joining us, Mr. Nerbonne was General Manager of Portfolio Projects for Shell Oil Products US from January 2004 to January 2005 and served in various capacities, including General Manager of Commercial and Joint Interest, with Shell Pipeline Company or its predecessors from 1998. From 1980 to 1998 Mr. Nerbonne held numerous positions of increasing responsibility in engineering, operations, and business development, including Vice President of Business Development from December 1996 to April 1998, with Texaco Trading and Transportation or its affiliates.

Al Swanson has served as Vice President—Finance and Treasurer since August 2005, as Vice President and Treasurer from February 2004 to August 2005 and as Treasurer from May 2001 to February 2004. In addition, he held finance related positions at Plains Resources including Treasurer from February 2001 to May 2001 and Director of Treasury from November 2000 to February 2001. Prior to joining Plains Resources, he served as Treasurer of Santa Fe Snyder Corporation from 1999 to October 2000 and in various capacities at Snyder Oil Corporation including Director of Corporate Finance from 1998, Controller—SOCO Offshore, Inc. from 1997, and Accounting Manager from 1992. Mr. Swanson began his career with Apache Corporation in 1986 serving in internal audit and accounting.

Tina L. Val has served as Vice President—Accounting and Chief Accounting Officer since June 2003. She served as Controller from April 2000 until she was elected to her current position. From January 1998 to January 2000, Ms. Val served as a consultant to Conoco de Venezuela S.A. She previously served as Senior Financial Analyst for Plains Resources from October 1994 to July 1997.

Troy E. Valenzuela has served as Vice President—Environmental, Health and Safety, or EH&S, since July 2002, and has had oversight responsibility for the environmental, safety and regulatory compliance efforts of us and our predecessors since 1992. He was Director of EH&S with Plains Resources from January 1996 to June 2002, and Manager of EH&S from July 1992 to December 1995. Prior to his time with Plains Resources, Mr. Valenzuela spent seven years with Chevron USA Production Company in various EH&S roles.

John P. vonBerg has served as Vice President of Trading since May 2003 and Director of these activities since joining us in January 2002. He was with Genesis Energy in differing capacities as a Director, Vice Chairman, President and CEO from 1996 through 2001, and from 1993 to 1996 he served as a Vice President and a Crude Oil Manager for Phibro Energy USA. Mr. vonBerg began his career with Marathon Oil Company, spending 13 years in various disciplines.

David N. Capobianco has served as a director of our general partner since July 2004. Mr. Capobianco is Chairman of the board of directors of Vulcan Energy Corporation and a Managing Director and co-head of Private Equity of Vulcan Capital, an affiliate of Vulcan Inc., where he has been employed since April 2003. Previously, he served as a member of Greenhill Capital from 2001 to April 2003 and Harvest Partners from 1995 to 2001. Mr. Capobianco is Chairman of the board of Vulcan Resources Florida, and is a director of PAA/Vulcan and ICAT Holdings. Mr. Capobianco received a BA in Economics from Duke University and an MBA from Harvard.

Everardo Goyanes has served as a director of our general partner or former general partner since May 1999. Mr. Goyanes has been President and Chief Executive Officer of Liberty Energy Holdings, LLC (an energy investment firm) since May 2000. From 1999 to May 2000, he was a financial consultant specializing in natural resources. From 1989 to 1999, he was Managing Director of the Natural Resources Group of ING Barings Furman Selz (a banking firm). He was a financial consultant from 1987 to 1989 and was Vice President—Finance of Forest Oil Corporation from 1983 to 1987. Mr. Goyanes received a BA in Economics from Cornell University and a Masters degree in Finance (honors) from Babson Institute.

Gary R. Petersen has served as a director of our general partner since June 2001. Mr. Petersen is Senior Managing Director of EnCap Investments L.P., an investment management firm which he co-founded in 1988. He had previously served as Senior Vice President and Manager of the Corporate Finance Division of the Energy Banking Group for RepublicBank Corporation. Prior to his position at RepublicBank, he was Executive Vice President and a member of the Board of Directors of Nicklos Oil & Gas Company from 1979 to 1984. He served from 1970 to 1971 in the U.S. Army as a First Lieutenant in the Finance Corps and as an Army Officer in the National Security Agency.

Robert V. Sinnott has served as a director of our general partner or former general partner since September 1998. Mr. Sinnott is President, Chief Investment Officer and Senior Managing Director of energy investments of Kayne Anderson Capital Advisors, L.P. (an investment management firm). He also served as a Managing Director from 1992 to 1996 and as a Senior Managing Director from 1996 until assuming his current role in 2005. He is also President of Kayne Anderson Investment Management, Inc., the general partner of Kayne Anderson Capital Advisors, L.P. He was Vice President and Senior Securities Officer of the Investment Banking Division of Citibank from 1986 to 1992. Mr. Sinnott received a BA from the University of Virginia and an MBA from Harvard.

Arthur L. Smith has served as a director of our general partner or former general partner since February 1999. Mr. Smith is Chairman and CEO of John S. Herold, Inc. (a petroleum research and consulting firm), a position he has held since 1984. From 1976 to 1984 Mr. Smith was a securities analyst with Argus Research Corp., The First Boston Corporation and Oppenheimer & Co., Inc. Mr. Smith holds the CFA designation. He serves on the boards of Kuwait Energy (a private oil and gas exploration and production firm), non-profit Dress for Success Houston and the Board of Visitors for the Nicholas School of the Environment and Earth Sciences at Duke University. Mr. Smith received a BA from Duke University and an MBA from NYU's Stern School of Business.

J. Taft Symonds has served as a director of our general partner since June 2001. Mr. Symonds is Chairman of the Board of Symonds Trust Co. Ltd. (a private investment firm) and Chairman of the Board of Tetra Technologies, Inc. (an oil and gas services firm). From 1978 to 2004 he was Chairman of the Board and Chief Financial Officer of Maurice Pincoffs Company, Inc. (an international marketing firm). Mr. Symonds has a background in both investment and commercial banking, including merchant banking in New York, London and Hong Kong with Paine Webber, Robert Fleming Group and Banque de la Societe Financiere Europeenne. He is Chairman of the Houston Arboretum and Nature Center. Mr. Symonds received a BA from Stanford University and an MBA from Harvard.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of such equity securities. Such persons are also required to furnish us with copies of all Section 16(a) forms that they file. Such reports are accessible on or through our Internet website at http://www.paalp.com.

Based solely upon a review of the copies of Forms 3, 4 and 5 furnished to us, or written representations from certain reporting persons that no Forms 5 were required, we believe that our executive officers and directors complied with all filing requirements with respect to transactions in our equity securities during 2005, except as follows: Messrs. Shires and Lindseth each inadvertently filed a late Form 4 in connection with the exercise of performance options on November 18, 2005. The Forms 4 were filed on November 28, 2005.

Canadian Officers

The following table sets forth certain information with respect to officers of the general partner of our Canadian operating partnership.

Name	Age (as of 12/31/05)	Position with Our Canadian General Partner
D. Mark Alenius	46	Vice President and Chief Financial Officer of PMC (Nova Scotia) Company
Ralph R. Cross	50	Vice President—Business Development and Transportation Services of PMC (Nova Scotia) Company
Stephen L. Bart	45	Vice President—Operations of PMC (Nova Scotia) Company
M.D. (Mike) Hallahan	45	Vice President—Crude Oil of PMC (Nova Scotia) Company
Richard (Rick) Henson	51	Vice President—Corporate Services of PMC (Nova Scotia) Company
Ron F. Wunder	37	Vice President—LPG of PMC (Nova Scotia) Company

D. Mark Alenius has served as Vice President and Chief Financial Officer of PMC (Nova Scotia) Company since November 2002. In addition, Mr. Alenius was Managing Director, Finance of PMC (Nova Scotia) Company from July 2001 to November 2002. Mr. Alenius was previously with CANPET Energy Group Inc. where he served as Vice President, Finance, Secretary and Treasurer, and was a member of the Board of Directors. Mr. Alenius joined CANPET in February 2000. Prior to joining CANPET Energy, Mr. Alenius briefly served as Chief Financial Officer of Bromley-Marr ECOS Inc., a manufacturing and processing company, from January to July 1999. Mr. Alenius was previously with Koch Industries, Inc.'s Canadian group of businesses, where he served in various capacities, including most recently as Vice-President, Finance and Chief Financial Officer of Koch Pipelines Canada, Ltd.

Ralph R. Cross has been Vice President of Business Development and Transportation Services of PMC (Nova Scotia) Company since July 2001. Mr. Cross was previously with CANPET Energy Group Inc. since 1992, where he served in various capacities, including most recently as Vice President of Business Development.

Stephen L. Bart has been Vice President, Operations of PMC (Nova Scotia) Company since April 2005 and was Managing Director, LPG Operations & Engineering from February to April 2005. From June 2003 to February 2005, Mr. Bart was engaged as a principal of Broad Quay Development, a consulting firm. From April 2001 to June 2003, Mr. Bart served as Chief Executive Officer of Novera Energy Limited, a publicly-traded international renewable energy concern. From January 2000 to April 2003, he served as Director, Northern Development, for Westcoast Energy Inc.

M.D. (Mike) Hallahan has served as Vice President, Crude Oil of PMC (Nova Scotia) Company since February 2004 and Managing Director, Facilities from July, 2001 to February, 2004. He was previously with CANPET Energy Group Inc. where he served in various capacities since 1996, most recently General Manager, Facilities.

Richard (Rick) Henson joined PMC (Nova Scotia) Company in December 2004 as Vice President of Corporate Services. Mr. Henson was previously with Nova Chemicals Corporation, serving in various executive positions from 1999 through 2004, including Vice President, Petrochemicals and Feedstocks, and Vice President, Ethylene and Petrochemicals Business.

Ron F. Wunder has served as Vice President, LPG of PMC (Nova Scotia) Company since February 2004 and as Managing Director, Crude Oil from July 2001 to February 2004. He was previously with CANPET Energy Group Inc. since 1992, where he served in various capacities, including most recently as General Manager, Crude Oil.

Item 11. *Executive Compensation*

Summary Compensation Table

The following table sets forth certain compensation information for our Chief Executive Officer and the four other most highly compensated executive officers in 2005 (the “Named Executive Officers”). We reimburse our general partner and its affiliates for expenses incurred on our behalf, including the costs of officer compensation. In addition to the amounts presented below, the Named Executive Officers have also received certain equity-based awards from our general partner, which awards (other than awards under the Long-Term Incentive Plans) are not subject to reimbursement by us. See “—Long-Term Incentive Plans” and Item 13. “Certain Relationships and Related Transactions—Transactions with Related Parties.”

		Annual Compensation			Long-Term	
Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation(1)	Compensation LTIP Payout(2)	All Other Compensation
Greg L. Armstrong	2005	$ 371,250	$3,000,000	$149,625	$ 701,575	$ 14,930(3)
Chairman and CEO	2004	330,000	1,800,000	—	1,692,600	13,930(3)
	2003	330,000	1,000,000	—	—	12,930(3)
Harry N. Pefanis	2005	$ 294,583	$2,750,000	$ 99,750	$ 100,225	$ 14,930(3)
President and COO	2004	235,000	1,500,000	—	1,674,600	13,875(3)
	2003	235,000	800,000	—	452,400	12,875(3)
George R. Coiner	2005	$ 245,833	$2,645,600(4)	$ 50,500	$ 375,844	$ 14,930(3)
Senior Group Vice	2004	200,000	1,061,000(4)	—	1,643,138	13,730(3)
President	2003	200,000	719,600(4)	—	226,200	12,730(3)
W. David Duckett(5)	2005	$ 234,601	$1,680,998(6)	$ 48,338	$ —	$ 29,823(7)
President—PMC	2004	204,161	933,505(6)	—	—	26,541(7)
(Nova Scotia) Company	2003	190,658	724,883(6)	—	—	25,512(7)
John P. vonBerg	2005	$ 200,000	$2,345,400(8)	$ 25,250	$ 125,281	$ 14,744(3)
Vice President—Trading	2004	200,000	837,800(8)	—	302,250	13,744(3)
	2003	200,000	623,300(8)	—	—	12,744(3)

(1) Includes cash payments pursuant to distribution equivalent rights associated with phantom units granted under the 2005 LTIP. See “—Long-Term Incentive Plans—2005 Long-Term Incentive Plan.” Does not include the value of perquisites and other personal benefits because they do not exceed for any individual $50,000 in the aggregate.

(2) Amounts presented represent the aggregate value of vested phantom units determined as of their vesting date. See “—Long-Term Incentive Plans—1998 Long-Term Incentive Plan.”

(3) Our general partner matches 100% of employees’ contributions to its 401(k) Plan in cash, subject to certain limitations in the plan. Includes $14,000, $13,000 and $12,000 in such contributions for 2005, 2004 and 2003, respectively. The remaining amount represents premium payments on behalf of the Named Executive Officer for group term life insurance.

(4) Includes quarterly bonuses aggregating $1,395,600, $561,000 and $469,600, and an annual bonus of $1,250,000, $500,000 and $250,000 for 2005, 2004 and 2003, respectively. The annual bonuses are payable 60% at the time of award and 20% in each of the two succeeding years. For the quarterly bonuses, Mr. Coiner participates in a quarterly bonus arrangement based on EBITDA from our commercial activities during the quarter. Other participants in the quarterly bonus arrangement include approximately 80 employees in the marketing and business development group. The total amount of quarterly bonuses paid pursuant to this arrangement during 2005 was approximately $8.1 million.

(5) Salary and bonus for Mr. Duckett are presented in U.S. dollar equivalent, based on the exchange rates in effect on the dates payments were made.

(6) The 2004 bonus amount includes $798,151 under a bonus program established at the time of the CANPET acquisition and $135,354 under a special 2004 retention bonus associated with the CANPET acquisition. Under the bonus program at PMC (Nova Scotia) Company established at the time of the CANPET purchase, all employees of PMC (Nova Scotia) Company are eligible to participate. The plan is based on EBITDA, and includes a quarterly bonus pool consisting of 4% of quarterly EBITDA and an annual bonus pool consisting of 6% of annual EBITDA.

(7) Employer contributions to PMC (Nova Scotia) Company savings plan and group term life insurance premiums.

(8) Includes quarterly bonuses (see footnote (4) above) aggregating $1,345,400, $537,800 and $423,300, and an annual bonus of $1,000,000, $300,000 and $200,000 for 2005, 2004 and 2003, respectively. The annual bonuses are payable 60% at the time of award and 20% in each of the two succeeding years.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Mr. Armstrong is employed as Chairman and Chief Executive Officer. The initial three-year term of Mr. Armstrong's employment agreement commenced on June 30, 2001, and is automatically extended for one year on June 30 of each year (such that the term is reset to three years) unless Mr. Armstrong receives notice from the Chairman of the Compensation Committee that the Board of Directors has elected not to extend the agreement. Mr. Armstrong has agreed, during the term of the agreement and for five years thereafter, not to disclose (subject to typical exceptions) any confidential information obtained by him while employed under the agreement. The agreement provided for a base salary of $330,000 per year, subject to annual review. In February 2005, the annual salary was increased to $375,000. If Mr. Armstrong's employment is terminated without cause, he will be entitled to receive an amount equal to his annual base salary plus his highest annual bonus, multiplied by the lesser of (i) the number of years (including fractional years) remaining on the agreement and (ii) two. If Mr. Armstrong terminates his employment as a result of a change of control he will be entitled to receive an amount equal to three times the aggregate of his annual base salary and highest annual bonus. Under Mr. Armstrong's agreement, a "change of control" is defined to include (i) the acquisition by an entity or group (other than Plains Resources and its wholly owned subsidiaries) of 50% or more of our general partner or (ii) the existing owners of our general partner ceasing to own more than 50% of our general partner. If Mr. Armstrong's employment is terminated because of his death, a lump sum payment will be paid to his designee equal to his annual salary plus his highest annual bonus, multiplied by the lesser of (i) the number of years (including fractional years) remaining on the agreement and (ii) two. Under the agreement, Mr. Armstrong will be reimbursed for any excise tax due as a result of compensation (parachute) payments.

Mr. Pefanis is employed as President and Chief Operating Officer. The initial three-year term of Mr. Pefanis' employment agreement commenced on June 30, 2001, and is automatically extended for one year on June 30 of each year (such that the term is reset to three years) unless Mr. Pefanis receives notice from the Chairman of the Board of Directors that the Board has elected not to extend the agreement. Mr. Pefanis has agreed, during the term of the agreement and for one year thereafter, not to disclose (subject to typical exceptions) any confidential information obtained by him while employed under the agreement. The agreement provided for a base salary of $235,000 per year, subject to annual review. In February 2005, the annual salary was increased to $300,000. The provisions in Mr. Pefanis' agreement with respect to termination, change of control and related payment obligations are substantially similar to the parallel provisions in Mr. Armstrong's agreement.

In August 2005, Sable Investments, L.P., which owned 19% of our general partner interest, sold its interest to each of the other owners of the general partner, in proportion to their ownership interest. See Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters—Beneficial Ownership of General Partner Interest." The consummation of the sale and the resulting interest held by Vulcan Energy would have constituted a change of control under the employment agreements with Messrs. Armstrong and Pefanis. Mr. Armstrong and Mr. Pefanis each entered into an agreement waiving the change of control, contingent on the execution and performance by Vulcan Energy of a voting agreement with Plains All American GP LLC that restricts certain of Vulcan's voting rights. Upon a breach, termination or notice of termination of the voting agreement by Vulcan Energy, such waivers will terminate. See Item 13. "Certain Relationships and Related Transactions—Transactions with Related Parties."

In connection with Mr. vonBerg's employment in January 2002, our general partner and Mr. vonBerg entered into a letter agreement setting forth the terms of his employment. Such letter agreement provided for Mr. vonBerg's position to be Director, Trading at a base salary of $200,000 per year and his participation in a quarterly bonus pool based on gross margin generated by the employee's business unit, discretionary annual bonus pool and employee benefits provided to all employees generally. Through January 2007, the agreement provides that if Mr. vonBerg were terminated by our General Partner without cause or by him for good reason, he would continue to receive his monthly base salary for a period of twelve months. Mr. vonBerg also entered into an ancillary agreement which provides that for a period of one year following his termination, he will not disclose (subject to typical exceptions) any confidential information obtained by him while employed under the agreement and he will not, for two years after termination, engage in certain transactions with certain suppliers and customers.

See "—Long-Term Incentive Plans—2005 Long-Term Incentive Plan" for a discussion of termination of employment and change of control provisions affecting phantom units and associated distribution equivalent rights granted to the Named Executive Officers.

Long-Term Incentive Plans

1998 Long-Term Incentive Plan

Our general partner has adopted the Plains All American GP LLC 1998 Long-Term Incentive Plan (the "1998 LTIP") for employees and directors of our general partner and its affiliates who perform services for us. Awards contemplated by the 1998 LTIP include phantom units and unit options. As amended, the 1998 LTIP authorized the grant of phantom units and unit options covering an aggregate of 1,425,000 common units delivered upon vesting of such phantom units or unit options. Our general partner's board of directors has the right to alter or amend the 1998 LTIP or any part of the plan from time to time, including, subject to any applicable NYSE listing requirements, increasing the number of common units with respect to which awards may be granted; provided, however, that no change in any outstanding grant may be made that would materially impair the rights of the participant without the consent of such participant.

Common units to be delivered upon the vesting of rights may be common units acquired by our general partner in the open market or in private transactions, common units already owned by our general partner, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the cost incurred in acquiring common units. In addition, over the term of the plan we may issue new common units to satisfy delivery obligations under the grants. When we issue new common units upon vesting of grants, the total number of common units outstanding increases.

Phantom Units. A phantom unit entitles the grantee to receive, upon the vesting of the phantom unit, a common unit (or cash equivalent, depending on the terms of the grant). A substantial number of phantom units have vested under the 1998 LTIP. As of December 31, 2005, giving effect to vested grants, grants of approximately 48,275 unvested phantom units under the 1998 LTIP remain outstanding to employees, officers and directors of our general partner. The compensation committee or board of directors may, in the future, make additional grants under the plan to employees and directors containing such terms as the compensation committee or board of directors shall determine, including tandem distribution equivalent rights ("DERs") with respect to phantom units. DERs entitle the grantee to a cash payment, either while the award is outstanding or upon vesting, equal to any cash distributions paid on a unit while the award is outstanding.

As of December 31, 2005, approximately 1,067,975 phantom units had vested under the 1998 LTIP. Approximately 471,492 units have been purchased and delivered or issued in satisfaction of vesting, after payment of cash-equivalents and netting for taxes.

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

The following table shows the vesting of phantom units granted under the 1998 LTIP to the Named Executive Officers.

Name	Total Units	2003 Vesting Units	2003 Vesting Value[(1)]	2004 Vesting Units	2004 Vesting Value[(1)]	2005 Vesting Units	2005 Vesting Value[(1)]
Greg L. Armstrong	70,000	—	—	52,500	$1,692,600	17,500	$701,575
Harry N. Pefanis	70,000	15,000	$452,400	52,500	$1,674,600	2,500	$100,225
George R. Coiner	67,500	7,500	$226,200	50,625	$1,643,138	9,375	$375,844
W. David Duckett	—	—	—	—	—	—	—
John P. vonBerg	12,500	—	—	9,375	$ 302,250	3,125	$125,281

(1) As of vesting dates.

Unit Option Plan. The unit option plan under our 1998 LTIP currently permits the grant of options covering common units. No grants have been made under the unit option plan to date. However, the compensation committee or board of directors may, in the future, make grants under the plan to employees and directors containing such terms as the compensation committee or board of directors shall determine, provided that unit options have an exercise price equal to the fair market value of the units on the date of grant.

2005 Long-Term Incentive Plan

In January 2005, our unitholders approved the Plains All American 2005 Long-Term Incentive Plan (the "2005 LTIP"). The 2005 LTIP provides for awards to the employees and directors of our general partner and its affiliates who perform services for us. Awards contemplated by the 2005 LTIP include phantom units, restricted units, unit appreciation rights and unit options, as determined by the compensation committee or board of directors (each an "Award"). Up to 3 million units may be issued in satisfaction of Awards. Certain Awards may also include DERs.

Common units to be delivered upon the vesting of rights may be common units acquired by our general partner in the open market or in private transactions, common units already owned by our general partner, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the cost incurred in acquiring common units. In addition, over the term of the plan we may issue new common units to satisfy delivery obligations under the grants. When we issue new common units upon vesting of grants, the total number of common units outstanding increases.

The compensation committee and board of directors have approved grants under the 2005 LTIP of phantom units with associated DERs to the Named Executive Officers as follows:

Long-Term Incentive Plans—Awards in Last Fiscal Year

Name	Number of Shares, Units or Other Rights[(1)]	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans: Threshold	Target	Maximum
Greg L. Armstrong	300,000	(2)	(2)	(2)	(2)
Harry N. Pefanis	200,000	(2)	(2)	(2)	(2)
George R. Coiner	80,000	(3)	(3)	(3)	(3)
	70,000	(4)	(4)	(4)	(4)
W. David Duckett	75,000	(3)	(3)	(3)	(3)
	50,000	(4)	(4)	(4)	(4)
John P. vonBerg	40,000	(3)	(3)	(3)	(3)
	50,000	(4)	(4)	(4)	(4)

(1) The awards reflected in the table include distribution equivalent rights (DERs).

(2) These phantom units will vest 30%, 30% and 40% solely upon achievement by the Partnership of annualized distributions of $2.60, $2.80 and $3.00 per unit and continued employment through May 2007, May 2009 and May 2010, respectively. Any phantom units that have not vested, and all associated DERs, as of the May 2012 distribution date will be forfeited. DERs associated with these phantom units become payable 30%, 15%, 15%, 20% and 20% upon the earlier to occur of annualized distributions of $2.60 or May 2007, $2.70 or May 2008, $2.80 or May 2009, $2.90 or May 2010, and $3.00 or May 2010, respectively.

(3) These phantom units will vest 40%, 30% and 30% upon achievement by the Partnership of annualized distributions of $2.60, $2.80 and $3.00 per unit and continued employment through May 2007, May 2009 and May 2010, respectively. Any phantom units that have not previously vested will fully vest on the May 2011 distribution date, subject to continued employment through such date. DERs associated with these phantom units become payable 40%, 15%, 15%, 15% and 15% upon the earlier to occur of annualized distributions of $2.60 or May 2007, $2.70 or May 2008, $2.80 or May 2009, $2.90 or May 2010, and $3.00 or May 2010, respectively.

(4) These phantom units will vest in equal one-third increments solely upon achievement by the Partnership of annualized distributions of $2.90, $3.00 and $3.10 per unit and continued employment through May 2008, May 2009 and May 2010, respectively. DERs associated with these phantom units vest and become payable in equal one-third increments solely upon the payment of annualized distributions of $2.90, $3.00, and $3.10, respectively. Any phantom units that have not vested, and all associated DERs, as of the May 2012 distribution date will be forfeited.

In addition to the vesting provisions described above, the following provisions also apply to Awards granted to the Named Executive Officers under the 2005 LTIP:

- In the event of termination of employment for reasons other than death, disability or change in status associated with a change of control (as defined in the Award agreement), all outstanding phantom units and associated DERs will be forfeited.
- In the event of termination of employment by the general partner other than for cause (as defined in the Award agreement), all phantom units that have satisfied vesting criteria but for the passage of time, will be deemed nonforfeitable and will vest on the next distribution date.
- In the event of termination of employment by death or disability, all phantom units and associated DERs will be deemed nonforfeitable and will continue to vest according to the vesting schedule described above.
- If a change in status (termination by the general partner other than for cause, removal from office or a reduction in salary or benefits) occurs within three months prior to or one year following a change of control, all phantom units will be deemed nonforfeitable and will vest on the next distribution date.

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

Other Equity Grants

In 2001, our general partner established a Performance Option Plan funded by common units owned by the general partner. We have no obligation to reimburse the general partner for such units when they are delivered upon vesting of options granted under the Performance Option Plan. See Item 13. “Certain Relationships and Related Transactions—Transactions with Related Parties.”

Compensation of Directors

Each director of our general partner who is not an employee of our general partner is reimbursed for any travel, lodging and other out-of-pocket expenses related to meeting attendance or otherwise related to service on the board (including, without limitation, reimbursement for continuing education expenses). Non-employee directors receive no perquisites or other personal benefits. Each non-employee director is currently paid an annual retainer fee of $45,000. Mr. Armstrong is otherwise compensated for his services as an employee and therefore receives no separate compensation for his services as a director. In addition to the annual retainer, each committee chairman (other than the chairman of the audit committee) receives $2,000 annually. The chairman of the audit committee receives $30,000 annually, and the other members of the audit committee receive $15,000 annually, in each case, in addition to the annual retainer. Mr. Petersen assigns any compensation he receives in his capacity as a director to EnCap Energy Capital Fund III, L.P. (EnCap III), which is controlled by EnCap Investments L.P., of which Mr. Petersen is a Managing Director. Mr. Capobianco assigns any compensation he receives in his capacity as a director to Vulcan Capital.

Except as described below, each non-employee director has received an LTIP award of 5,000 units in the aggregate. These units vest annually in 25% increments, subject to an automatic re-grant of the amount vested, such that the director will always have outstanding an award of 5,000 units. For Mr. Petersen and Mr. Capobianco, a cash equivalent payment will be made to EnCap III and Vulcan Capital, respectively, upon any vesting. The units will vest in full upon the next vesting date after the death or disability (as determined in good faith by the board) of the director. For any “independent” directors (as defined in the GP LLC Agreement, and currently including Messrs. Goyanes, Smith and Symonds), the units will also vest in full if such director (i) retires (no longer with full-time employment and no longer serving as an officer or director of any public company) or (ii) is removed from the Board or is not reelected to the Board, unless such removal or failure to reelect is for “good cause,” as defined in the letter granting the phantom units.

Compensation Committee Interlocks and Insider Participation

Messrs. Capobianco, Petersen and Sinnott served on the compensation committee during 2005. During 2005, none of the members of the committee was an officer or employee of us or any of our subsidiaries, or served as an officer of any company with respect to which any of our executive officers served on such company’s board of directors. In addition, none of the members of the compensation committee are former employees of ours or any of our subsidiaries. Messrs. Capobianco and Sinnott are associated with business entities with which we have relationships. See Item 13. “Certain Relationships and Related Transactions.”

Reimbursement of Expenses of Our General Partner and its Affiliates

We do not pay our general partner a management fee, but we do reimburse our general partner for all expenses incurred on our behalf, including the costs of employee, officer and director compensation and benefits, as well as all other expenses necessary or appropriate to the conduct of our business. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us in any reasonable manner determined by our general partner in its sole discretion. See Item 13. "Certain Relationships and Related Transactions—Our General Partner."

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters*

Beneficial Ownership of Limited Partner Interest

Our common units outstanding represent 98% of our equity (limited partner interest). The 2% general partner interest is discussed separately below under "—Beneficial Ownership of General Partner Interest." The following table sets forth the beneficial ownership of limited partner units held by beneficial owners of 5% or more of the units, directors, the Named Executive Officers, and all directors and executive officers as a group as of February 17, 2006.

Name of Beneficial Owner	Common Units	Percentage of Common Units[1]
Paul G. Allen	13,688,400[2]	18.6%
Vulcan Energy Corporation	12,390,120[3]	16.8%
Richard Kayne/Kayne Anderson Capital Advisors, L.P.	6,594,824[4]	8.9%
Greg L. Armstrong	249,562[5][6][7]	[8]
Harry N. Pefanis	145,027[6][7]	[8]
George R. Coiner	54,276[6][7]	[8]
W. David Duckett	119,541[6]	[8]
John P.vonBerg	11,687[6]	[8]
David N. Capobianco	—[9]	[8]
Everardo Goyanes	8,700	[8]
Gary R. Petersen	7,700[10]	[8]
Robert V. Sinnott	15,000[11]	[8]
Arthur L. Smith	11,250	[8]
J. Taft Symonds	20,000	[8]
All directors and executive officers as a group (23 persons)	904,483[7][12]	1.2%

(1) Limited partner units constitute 98% of our equity, with the remaining 2% held by our general partner. The beneficial ownership of our general partner is set forth in the table below under "—Beneficial Ownership of General Partner Interest." Giving effect to the indirect ownership by Vulcan Energy Corporation of a portion of our general partner, Mr. Allen may be deemed to beneficially own approximately 19.3% of our total equity. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Vulcan Energy Corporation or any of its affiliates.

(2) Mr. Allen owns approximately 88.38% of the outstanding shares of common stock of Vulcan Energy Corporation. Mr. Allen also controls Vulcan Capital Private Equity I LLC ("Vulcan LLC"), which is the record holder of 1,298,280 common units. The address for Mr. Allen and Vulcan LLC is 505 Fifth Avenue S, Suite 900, Seattle, Washington 98104. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Vulcan Energy Corporation or any of its affiliates.

(3) The address for Vulcan Energy Corporation is c/o Plains All American GP LLC, 333 Clay Street, Suite 1600, Houston, Texas 77002.

(4) Richard A. Kayne is Chief Executive Officer and Director of Kayne Anderson Investment Management, Inc., which is the general partner of Kayne Anderson Capital Advisors, L.P. (“KACALP”). Various accounts (including KAFU Holdings, L.P., which owns a portion of our general partner) under the management or control of KACALP own 6,594,824 common units. Mr. Kayne may be deemed to beneficially own such units. In addition, Mr. Kayne directly owns or has sole voting and dispositive power over 270,365 common units. Mr. Kayne disclaims beneficial ownership of any of our partner interests other than units held by him or interests attributable to him by virtue of his interests in the accounts that own our partner interests. The address for Mr. Kayne and Kayne Anderson Investment Management, Inc. is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067.

(5) Does not include approximately 200,662 common units owned by our general partner in connection with the Performance Option Plan. Mr. Armstrong disclaims any beneficial ownership of such units beyond his rights as a grantee under the plan. See Item 13. “Certain Relationships and Related Transactions—Transactions with Related Parties—Performance Option Plan.”

(6) Does not include unvested phantom units granted under the 2005 LTIP, none of which will vest within 60 days of the date hereof. See Item 11. “Executive Compensation—Long-Term Incentive Plans—2005 Long-Term Incentive Plan.”

(7) Includes the following vested, unexercised options to purchase common units under the Performance Option Plan. Mr. Armstrong: 37,500; Mr. Pefanis: 27,500; Mr. Coiner: 21,250; and all directors and executive officers as a group: 153,750.

(8) Less than one percent.

(9) The GP LLC Agreement specifies that certain of the owners of our general partner have the right to designate a member of our board of directors. Mr. Capobianco has been designated one of our directors by Vulcan Energy Corporation, of which he is Chairman of the Board. Mr. Capobianco owns an equity interest in Vulcan LLC and has the right to receive a performance-based fee based on the performance of the holdings of Vulcan LLC and Vulcan Energy Corporation. Mr. Capobianco disclaims any deemed beneficial ownership of our partner interests held by Vulcan Energy Corporation and Vulcan LLC or any of their affiliates beyond his pecuniary interest therein, if any. By virtue of its 54% ownership in the general partner, Vulcan Energy Corporation has the right at any time to cause the election of an additional director to the Board.

(10) Includes 5,200 common units owned by EnCap Energy Capital Fund III, L.P. Mr. Petersen disclaims beneficial ownership of these units in excess of his pecuniary interest in such units. Pursuant to the GP LLC Agreement, Mr. Petersen has been designated one of our directors by E-Holdings III, L.P., an affiliate of EnCap Investments L.P., of which he is Senior Managing Director. Mr. Petersen disclaims any deemed beneficial ownership of any of our partner interests owned by E-Holdings III, L.P. or other affiliates of EnCap Investments L.P. beyond his pecuniary interest. The address for E-Holdings III, L.P. is 1100 Louisiana, Suite 3150, Houston, Texas 77002.

(11) Pursuant to the GP LLC Agreement, Mr. Sinnott has been designated one of our directors by KAFU Holdings, L.P., which is controlled by Kayne Anderson Investment Management, Inc., of which he is President. Mr. Sinnott disclaims any deemed beneficial ownership of any units held by KAFU Holdings, L.P. or its affiliates, other than through his 4.5% limited partner interest in KAFU Holdings, L.P. The address for KAFU Holdings, L.P. is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067.

(12) Includes 6,000 phantom units granted under the 2005 LTIP which will vest within 60 days of the date hereof.

Beneficial Ownership of General Partner Interest

Plains AAP, L.P. owns all of our 2% general partner interest and all of our incentive distribution rights. The following table sets forth the effective ownership of Plains AAP, L.P. (after giving effect to proportionate ownership of Plains All American GP LLC, its 1% general partner).

Name and Address of Owner	Percentage Ownership of Plains AAP
Paul G. Allen[(1)] 505 Fifth Avenue S, Suite 900 Seattle, WA 98104	54.3%
Vulcan Energy Corporation[(2)] c/o Plains All American GP LLC 333 Clay Street, Suite 1600 Houston, TX 77002	54.3%
KAFU Holdings, L.P.[(3)] 1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067	20.3%
E-Holdings III, L.P.[(4)] 1100 Louisiana, Suite 3150 Houston, TX 77002	9.0%
E-Holdings V, L.P.[(4)] 1100 Louisiana, Suite 3150 Houston, TX 77002	2.1%
PAA Management, L.P.[(5)] 333 Clay Street, Suite 1600 Houston, TX 77002	4.9%
Wachovia Investors, Inc 301 South College Street, 12th Floor Charlotte, NC 28288	4.2%
Mark E. Strome 100 Wilshire Blvd., Suite 1500 Santa Monica, CA 90401	2.6%
Strome MLP Fund, L.P 100 Wilshire Blvd., Suite 1500 Santa Monica, CA 90401	1.3%
Lynx Holdings I, LLC 15209 Westheimer, Suite 110 Houston, TX 77082	1.2%

(1) Mr. Allen owns approximately 88.38% of the outstanding shares of common stock of Vulcan Energy Corporation. A subsidiary of Vulcan Energy Corporation owns 54.321% of the equity of our general partner. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Vulcan Energy Corporation or any of its affiliates.

(2) Mr. Capobianco disclaims any deemed beneficial ownership of the interests held by Vulcan Energy Corporation and its affiliates beyond his pecuniary interest therein, if any.

(3) Mr. Sinnott disclaims any deemed beneficial ownership of the interests owned by KAFU Holdings, L.P. other than through his 4.5% limited partner interest in KAFU Holdings, L.P.

(4) Mr. Petersen disclaims any deemed beneficial ownership of the interests owned by E-Holdings III, L.P. and E-Holdings V, L.P. beyond his pecuniary interest.

(5) PAA Management, L.P. is owned entirely by certain members of senior management, including Messrs. Armstrong (approximately 25%), Pefanis (approximately 14%), Coiner (approximately 9%), Duckett (approximately 4%) and vonBerg (approximately 4%). Other than Mr. Armstrong, no directors own any interest in PAA Management, L.P. Directors and executive officers as a group own approximately 95% of PAA Management, L.P. Mr. Armstrong disclaims any beneficial ownership of the general partner interest owned by Plains AAP, L.P., other than through his ownership interest in PAA Management, L.P.

Equity Compensation Plan Information

The following table sets forth certain information with respect to our equity compensation plans as of December 31, 2005. For a description of these plans, see Item 11. "Executive Compensation."

Plan Category	Number of Units to be Issued upon Exercise/Vesting of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Units Remaining Available for Future Issuance under Equity Compensation Plans (c)
Equity compensation plans approved by unitholders:			
1998 Long Term Incentive Plan.	48,275(1)	N/A(2)	498,983(1)(3)
2005 Long Term Incentive Plan.	2,178,200(4)	N/A(2)	821,800(3)
Equity compensation plans not approved by unitholders:			
1998 Long Term Incentive Plan.	—(1)(5)	N/A(2)	—(6)
Performance Option Plan	—(7)	$13.85(8)	—(7)

(1) As originally instituted by our former general partner prior to our initial public offering, the 1998 LTIP contemplated the issuance of up to 975,000 common units to satisfy awards of phantom units. Upon vesting, these awards could be satisfied either by (i) primary issuance of units by us or (ii) cash settlement or purchase of units by our general partner with the cost reimbursed by us. In 2000, the 1998 LTIP was amended, as provided in the plan, without unitholder approval to increase the maximum awards to 1,425,000 phantom units; however, we can issue no more than 975,000 new units to satisfy the awards. Any additional units must be purchased by our general partner in the open market or in private transactions and be reimbursed by us. As of December 31, 2005, we have issued approximately 427,742 common units in satisfaction of vesting under the 1998 LTIP. The number of units presented in column (a) assumes that all remaining grants will be satisfied by the issuance of new units upon vesting. In fact, a substantial number of phantom units that have vested were satisfied without the issuance of units. These phantom units were settled in cash or withheld for taxes. Any units not issued upon vesting will become "available for future issuance" under column (c).

(2) Phantom unit awards under the 1998 LTIP and 2005 LTIP vest without payment by recipients.

(3) In accordance with Item 201(d) of Regulation S-K, column (c) excludes the securities disclosed in column (a). However, as discussed in footnotes (1) and (4), any phantom units represented in column (a) that are not satisfied by the issuance of units become "available for future issuance."

(4) The 2005 Long Term Incentive Plan was approved by our unitholders in January 2005. The 2005 LTIP contemplates the issuance or delivery of up to 3,000,000 units to satisfy awards under the plan. The number of units presented in column (a) assumes that all outstanding grants will be satisfied by the issuance of new units upon vesting. In fact, some portion of the phantom units may be settled in cash and some portion will be withheld for taxes. Any units not issued upon vesting will become "available for future issuance" under column (c).

(5) Although awards for units may from time to time be outstanding under the portion of the 1998 LTIP not approved by unitholders, all of these awards must be satisfied in cash or out of units purchased by our general partner and reimbursed by us. None will be satisfied by "units issued upon exercise/vesting."

(6) Awards for up to 406,250 phantom units may be granted under the portion of the 1998 LTIP not approved by unitholders; however, no common units are "available for future issuance" under the plan, because all such awards must be satisfied with cash or out of units purchased by our general partner and reimbursed by us.

(7) Our general partner has adopted and maintains a Performance Option Plan for officers and key employees pursuant to which optionees have the right to purchase units from the general partner. The 450,000 units that were originally authorized to be sold under the plan were contributed to the general partner by certain of its owners in connection with the transfer of a majority of our general partner interest in 2001 without economic cost to the Partnership. Thus, there will be no units "issued upon exercise/vesting of outstanding options." Approximately 448,000 unit options have been granted out of the 450,000 units originally available under the plan. Options for approximately 169,000 units are currently outstanding and approximately 2,000 units are available for future option grants. See Item 11."Executive Compensation—Other Equity Grants."

(8) As of December 31, 2005, the strike price for all outstanding options under the Performance Option Plan was approximately $13.85 per unit. The strike price decreases as distributions are paid. See Item 11. "Executive Compensation—Other Equity Grants."

Item 13. *Certain Relationships and Related Transactions*

Our General Partner

Our operations and activities are managed, and our officers and personnel are employed, by our general partner (or, in the case of our Canadian operations, PMC (Nova Scotia) Company). We do not pay our general partner a management fee, but we do reimburse our general partner for all expenses incurred on our behalf. Total costs reimbursed by us to our general partner for the year ended December 31, 2005 were approximately $165.2 million.

Our general partner owns the 2% general partner interest and all of the incentive distribution rights. Our general partner is entitled to receive incentive distributions if the amount we distribute with respect to any quarter exceeds levels specified in our partnership agreement. Under the quarterly incentive distribution provisions, generally our general partner is entitled, without duplication, to 15% of amounts we distribute in excess of $0.450 ($1.80 annualized) per unit, 25% of the amounts we distribute in excess of $0.495 ($1.98 annualized) per unit and 50% of amounts we distribute in excess of $0.675 ($2.70 annualized) per unit.

The following table illustrates the allocation of aggregate distributions at different per-unit levels:

Annual Distribution Per Unit	Distribution to Unitholders(1)(2)	Distribution to GP(1)(2)(3)	Total Distribution(1)	GP Percentage of Total Distribution
$1.80	$135,000	$ 2,755	$137,755	2.0%
$1.98	$148,500	$ 5,137	$153,637	3.3%
$2.70	$202,500	$23,137	$225,637	10.3%
$2.90	$217,500	$38,137	$255,637	14.9%
$3.10	$232,500	$53,137	$285,637	18.6%
$3.30	$247,500	$68,137	$315,637	21.6%

(1) In thousands.

(2) Assumes 75,000,000 units outstanding. Actual number of units outstanding as of December 31, 2005 was 73,768,576. An increase in the number of units outstanding would increase both the distribution to unitholders and the distribution to the general partner of any given level of distribution per unit.

(3) Includes distributions attributable to the 2% general partner interest and the incentive distribution rights.

Transactions with Related Parties

Vulcan Energy

As of December 31, 2005, Vulcan Energy and its affiliates owned approximately 54% of our general partner interest, as well as approximately 16.8% of our outstanding limited partner units.

Voting Agreement

In August 2005, one of the owners of our general partner notified the remaining owners of its intent to sell its 19% interest in the general partner. The remaining owners elected to exercise their right of first refusal, such that the 19% interest was purchased pro rata by all remaining owners. As a result of the transaction, the interest of Vulcan Energy increased from 44% to approximately 54%. At the closing of the transaction, Vulcan Energy entered into a voting agreement that restricts its ability to unilaterally elect or remove our independent directors, and separately, our CEO and COO agreed, subject to certain ongoing conditions, to waive certain change-of-control payment rights that would otherwise have been triggered by the increase in Vulcan Energy's ownership interest. These ownership changes to our general partner had no impact on us.

Administrative Services Agreement

On October 14, 2005, GP LLC and Vulcan Energy entered into an Administrative Services Agreement, effective as of September 1, 2005 (the "Services Agreement"). Pursuant to the Services Agreement, GP LLC will provide administrative services to Vulcan Energy for consideration of approximately $650,000 per year, plus certain expenses. The Services Agreement will be effective for a period of three years, at which time it will automatically renew for successive one-year periods unless either party provides written notice of its intention to terminate the Services Agreement. Pursuant to the agreement, Vulcan Energy has appointed certain employees of GP LLC as officers of Vulcan Energy for administrative efficiency. Under the Services Agreement, Vulcan Energy acknowledges that conflicts may arise between itself and GP LLC. If GP LLC believes that a specific service is in conflict with the best interest of GP LLC or its affiliates then GP LLC is entitled to suspend the provision of that service and such a suspension will not constitute a breach of the Services Agreement. Vulcan Gas Storage LLC (discussed below) operates separately from Vulcan Energy, and services we provide to Vulcan Gas Storage LLC are not covered under the Services Agreement.

Predecessor Agreements

In 2001, Plains Resources, Inc. transferred a portion of its indirect interest in our general partner to certain of the current owners. As successor in interest to Plains Resources, Vulcan Energy is party to certain agreements related to such transfer, including the following:

- a separation agreement entered into in 2001 in connection with the transfer of interests in our general partner pursuant to which (i) Vulcan indemnifies us for (a) claims relating to securities laws or regulations in connection with the upstream or midstream businesses, based on alleged acts or omissions occurring on or prior to June 8, 2001, or (b) claims related to the upstream business, whenever arising, and (ii) we indemnify Vulcan for claims related to the midstream business, whenever arising. Vulcan also indemnifies, and maintains liability insurance (through June 8, 2007) for the individuals who were, on or before June 8, 2001, directors or officers of Plains Resources or our former general partner.

- a Pension and Employee Benefits Assumption and Transition Services Agreement that provided for the transfer to our general partner of the employees of our former general partner and certain headquarters employees of Plains Resources.

- an Omnibus Agreement that provides for the resolution of certain conflicts of interest, including certain non-compete obligations.

Crude Oil Purchases

Until August 12, 2005, Vulcan Energy owned 100% of Calumet Florida L.L.C. Calumet is now owned by Vulcan Resources Florida, Inc., the majority of which is owned by Paul G. Allen. We purchase crude oil from Calumet. We paid approximately $38.1 million to Calumet in 2005.

Equity Offering

On February 25, 2005, we issued 575,000 common units in a private placement to a subsidiary of Vulcan Capital. The sale price was $38.13 per unit, which represented a 2.8% discount to the closing price of the units on February 24, 2005. The sale resulted in net proceeds, including the general partner's proportionate capital contribution ($0.5 million) and net of expenses associated with the sale, of approximately $22.3 million. The net proceeds were initially used to repay indebtedness under our revolving credit facilities, and to fund a portion of our 2005 expansion capital program as those expenditures were incurred.

Long-Term Incentive Plans

Our general partner maintains the 1998 LTIP and the 2005 LTIP for employees and directors of our general partner. The plans generally consist of two components, a restricted or phantom unit plan and a unit option plan, and cover delivery of an aggregate of 4,425,000 common units. The plans are administered by the compensation committee of our general partner's board of directors.

As of December 31, 2005, approximately 427,742 common units have been issued in satisfaction of vesting of previous awards, and grants of approximately 2.2 million phantom or restricted units remain outstanding to employees, officers and directors of our general partner under these plans. See Item 11. "Executive Compensation—Long-Term Incentive Plans."

Performance Option Plan

In 2001, the owners of the general partner (other than PAA Management, L.P.) contributed an aggregate of 450,000 subordinated units (now converted into common units) to the general partner to provide a pool of units available for the grant of options to management and key employees. In that regard, the general partner adopted the Plains All American 2001 Performance Option Plan, pursuant to which options to purchase approximately 448,000 units have been granted. Of this amount, 75,000, 55,000, 72,500, 15,000 and 26,500 were granted to Messrs. Armstrong, Pefanis, Coiner, Duckett and vonBerg, respectively, and approximately 405,000 to executive officers as a group. The amounts presented for Messrs. Coiner, Duckett and vonBerg include 30,000, 15,000 and 14,000 options, respectively, granted in 2005, which collectively represented all options granted under the plan during 2005. These options vested and were either exercised in full or cancelled for a cash payment during 2005 (see table below). As of December 31, 2005, 169,000 options remain outstanding under the plan, all of which are fully vested. The original exercise price of the options was $22 per unit, declining over time by an amount equal to 80% of each quarterly distribution per unit. As of December 31, 2005, the exercise price was approximately $13.85 per unit. The terms of future grants may differ from the existing grants. Because the units underlying the plan were contributed to the general partner, we have no obligation to reimburse the general partner for the cost of the units upon exercise of the options.

On November 2, 2005, a special committee of the board of directors approved a program pursuant to which the general partner sold in the market a portion of the units subject to the plan. The sales were made pursuant to a plan meeting the requirements of Rule 10b5-1 of the Securities Exchange Act. Officers who held options expiring in 2005 were provided the opportunity to participate in the program by agreeing to cancel those options in exchange for a cash payment from the proceeds of the sales. Participants in the program included Messrs. Pefanis, Coiner and Duckett. An aggregate of approximately 167,250 options were cancelled under the program, including 27,500 for Mr. Pefanis, 51,250 for Mr. Coiner and 15,000 for Mr. Duckett.

The following table provides information with respect to aggregate option exercises in the last fiscal year and fiscal year-end option values for the Named Executive Officers.

Aggregated Option Exercises in Fiscal 2005 and Fiscal Year-End Option Values

Name	Units Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at December 31, 2005		Value of Unexercised In-The-Money Options at December 31, 2005[3]	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Greg L. Armstrong	37,500	$1,029,263[1]	37,500	—	$964,575	—
Harry N. Pefanis	27,500[2]	$ 731,064[2]	27,500	—	$707,355	—
George R. Coiner	51,250[2]	$1,362,437[2]	21,250	—	$546,593	—
W. David Duckett	15,000[2]	$ 398,762[2]	—	—	—	—
John P. vonBerg	23,375	$ 687,443[1]	—	—	—	—

(1) Computed based on the difference between the closing price of the common units on the day of exercise and the exercise price.

(2) These options were cancelled in exchange for a cash payment equal to approximately $26.58 per unit. The value realized is equal to the cash amount received; no units were received.

(3) Computed based on the difference between the closing price on December 30, 2005 and the exercise price.

Tank Car Lease and CANPET

In July 2001, we acquired the assets of CANPET Energy Group Inc., a Calgary-based Canadian crude oil and LPG marketing company (the "CANPET acquisition"), for approximately $24.6 million plus excess inventory at the closing date of approximately $25.0 million. Mr. W. David Duckett, the President of PMC (Nova Scotia) Company, the general partner of Plains Marketing Canada, L.P., owns approximately 37.8% of CANPET. In connection with the CANPET acquisition, Plains Marketing Canada, L.P. assumed CANPET's rights and obligations under a Master Railcar Leasing Agreement between CANPET and Pivotal Enterprises Corporation ("Pivotal"). The agreement provides for Plains Marketing Canada, L.P. to lease approximately 57 railcars from Pivotal at a lease price of $1,000 (Canadian) per month, per car. The lease extends until June of 2008, with an option for Pivotal to extend the term of the lease for an additional five years. Pivotal is substantially owned by former employees of CANPET, including Mr. Duckett. Mr. Duckett owns a 23.4% interest in Pivotal.

Class C Common Units

In April 2004, we sold 3,245,700 unregistered Class C common units (the "Class C common units") to a group of investors consisting of affiliates of Kayne Anderson Capital Advisors, Vulcan Capital and Tortoise Capital pursuant to Rule 4(2) under the Securities Act. For more detailed information with respect to our relationship with Kayne Anderson Capital Advisors and Vulcan Capital, see Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters." We received $30.81 per Class C common unit, an amount which represented 94% of the average closing price of our common units for the twenty trading days immediately ending on and including March 26, 2004. Net proceeds from the private placement, including the general partner's proportionate capital contribution and expenses associated with the sale, were approximately $101 million. We used the net proceeds from the offering to repay indebtedness under our revolving credit facility incurred in connection with the Link acquisition. In January 2005, our common unitholders approved a change in the terms of the Class C common units such that they were immediately convertible into an equal number of common units at the option of the holders, and in February 2005, all of the Class C common units converted.

Investment in Natural Gas Storage Joint Venture

PAA/Vulcan Gas Storage, LLC ("PAA/Vulcan"), a limited liability company, was formed in the third quarter of 2005. We own 50% of PAA/Vulcan and the remaining 50% is owned by Vulcan Gas Storage LLC, a subsidiary of Vulcan Capital, the investment arm of Paul G. Allen. The Board of Directors of PAA/Vulcan consists of an equal number of our representatives and representatives of Vulcan Gas Storage, and is responsible for providing strategic direction and policy-making. We, as the managing member, are responsible for the day-to-day operations.

In September 2005, PAA/Vulcan acquired Energy Center Investments LLC ("ECI"), an indirect subsidiary of Sempra Energy, for approximately $250 million. ECI develops and operates underground natural gas storage facilities. We and Vulcan Gas Storage LLC each made an initial cash investment of approximately $112.5 million, and Bluewater Natural Gas Holdings, LLC a subsidiary of PAA/Vulcan ("Bluewater") entered into a $90 million credit facility contemporaneously with closing. Approximately $87.6 million was outstanding under this credit facility as of February 27, 2006. We currently have no direct or contingent obligations under the Bluewater credit facility.

Approximately $255 million of the total funding of $315 million was used to finance the acquisition and closing costs. It is anticipated that the remaining balance will be combined with funds obtained from financing activities related to the construction of the Pine Prairie facility, an underground natural gas storage facility in South Louisiana.

Pine Prairie has entered into a commitment letter with respect to a credit facility consisting of a senior secured revolving credit facility and a senior secured term loan. The terms of the credit facility will require Pine Prairie to establish a cash reserve for construction cost overruns. We anticipate the credit facility will be sized and structured such that PAA will not have to contribute additional equity to fund the Pine Prairie development, however the commitment letter anticipates that we will agree to make a contingent equity contribution in certain situations if the cash reserve is exhausted.

Proper functioning of the Pine Prairie storage caverns will require a minimum operating inventory contained in the caverns at all times (referred to as "pad gas" or "base gas"). We estimate that it will require approximately 7 bcf of pad gas. The Pine Prairie commitment letter contemplates that we will ensure that Pine Prairie can obtain the pad gas at $8.50 per mcf. We have entered into arrangements on behalf of PAA/Vulcan, which has secured the required gas at a price below the specified threshold. In order to hedge a portion of the uncontracted storage space to be constructed, we also anticipate entering into natural gas spread arrangements on behalf of PAA/Vulcan. In each case, we will charge a fee for such services consistent with our normal practices with third parties.

We and Vulcan Gas Storage are both required to make capital contributions in equal proportions to fund (i) certain projects specified at the time PAA/Vulcan acquired ECI and (ii) unspecified future capital needs up to an aggregate of $20 million. For certain other specified projects, Vulcan Gas Storage has the right, but not the obligation, to participate for 50% of the cost. For any other project (or a project in which Vulcan Gas Storage declines to exercise its right to participate), we have the right to make additional capital contributions to fund 100% of the project. Such contributions would increase our interest in PAA/Vulcan and dilute Vulcan Gas Storage's interest. If at any time our interest in PAA/Vulcan exceeds 70%, Vulcan Gas Storage would have the right, but not the obligation, to make capital contributions proportionate to its ownership interest at the time.

In conjunction with formation of PAA/Vulcan and the acquisition of ECI, PAA and Paul G. Allen provided performance and financial guarantees to the seller with respect to PAA/Vulcan's performance under the purchase agreement, as well as in support of continuing guarantees of the seller with respect to ECI's obligations under certain gas storage and other contracts. PAA and Paul G. Allen would be required to perform under these guarantees only if ECI was unable to perform. In addition, we provided a guarantee under one contract with an indefinite life for which neither Vulcan Capital nor Paul G. Allen provided a guarantee. In exchange for the disproportionate guarantee, PAA will receive preference distributions totaling $1.0 million over ten years from PAA/Vulcan (distributions that would otherwise have been paid to Vulcan Gas Storage LLC). We believe that the fair value of the obligation to stand ready to perform is minimal. In addition, we believe the probability that we would be required to perform under the guaranty is extremely remote; however, there is no dollar limitation on potential future payments that fall under this obligation.

PAA/Vulcan will reimburse us for the allocated costs of PAA's non-officer staff associated with the management and day-to-day operations of PAA/Vulcan and all out-of-pocket costs. In addition, in the first fiscal year that EBITDA (as defined in the PAA/Vulcan LLC agreement) of PAA/Vulcan exceeds $75.0 million, we will receive a distribution from PAA/Vulcan equal to $6.0 million per year for each year since formation of the joint venture, subject to a maximum of 5 years or $30 million. Thereafter, we will receive annually a distribution equal to the greater of $2 million per year or two percent of the EBITDA of PAA/Vulcan.

Other

In September 2005, we sold 4,500,000 units in a public offering at a unit price to the public of $42.20. We received net proceeds of approximately $182.3 million, or $40.512 per unit after underwriters' discounts and commissions. Concurrently with the public offering, we sold 679,000 common units pursuant to our existing shelf registration statement to investment funds affiliated with KACALP in a privately negotiated transaction for a purchase price of $40.512 per unit (equivalent to the public offering price less underwriting discounts and commissions). KACALP is an owner of our General Partner, with a representative on our Board of Directors.

Thomas Coiner, an employee in our marketing department, is the son of George R. Coiner, Senior Group Vice President. In 2005, Thomas Coiner received compensation in excess of $60,000.

Item 14. *Principal Accountant Fees and Services*

All services provided by our independent auditor are subject to pre-approval by our audit committee. The audit committee has instituted a policy that describes certain pre-approved non-audit services. We believe that the description of services is designed to be sufficiently detailed as to particular services provided, such that (i) management is not required to exercise judgment as to whether a proposed service fits within the description and (ii) the audit committee knows what services it is being asked to pre-approve. The audit committee is informed of each engagement of the independent auditor to provide services under the policy.

The following table details the aggregate fees billed for professional services rendered by our independent auditor (in millions):

	Year Ended December 31,	
	2005	**2004**
Audit fees[1]	$2.2	$2.8
Audit-related fees[2]	0.1	0.2
Tax fees[3]	0.5	0.8
All other fees[4]	0.3	0.6
Total	$3.1	$4.4

(1) Audit fees include those related to our annual audit (including internal control evaluation and reporting), audits of our general partner and certain joint ventures of which we are the operator, and work performed on our registration of publicly-held debt and equity.

(2) Audit-related fees primarily relate to audits of our benefit plans and carve-out audits of acquired companies.

(3) Tax fees are related to tax processing as well as the preparation of Forms K-1 for our unitholders.

(4) All other fees primarily consist of those associated with due diligence performed on our behalf and evaluating potential acquisitions.