PART III

Directors and Executive Officers of Our General Partner and Corporate Governance

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 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 our 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%. See 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 involving 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. In connection with the August 2005 transaction, Messrs. Armstrong and Pefanis entered into waivers of the change in control provisions of their employment agreements, which otherwise would have been triggered by the transaction. These waivers were contingent upon Vulcan’s execution of the voting agreement, and will terminate upon any breach or termination by Vulcan Energy of, or notice of termination under, the voting agreement. See Item 11. “Executive Compensation — Employment Contracts” and “ — Potential Payments upon Termination or Change-in-Control.”

Another member, 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 Executive Sessions and Shareholder Communications

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 the General Counsel and Secretary or 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.

Independence Determinations and Audit Committee

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. We are, however, 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, our board of directors must determine that a director has 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 charter of our audit committee is available on our website. See " — Meetings and Other Information." 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 407 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 2006, the amount paid to LEH by Plains Marketing was approximately $1.1 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, was a director and the non-executive Chairman of the Board of Tetra Technologies, Inc. ("Tetra") through December 2006. A subsidiary of Tetra owns crude oil producing properties, from some of which Plains Marketing buys the production. Mr. Symonds was not an officer of Tetra, and did not participate in operational decision making, including decisions concerning selection of crude oil purchasers or entering into sales or marketing arrangements. In 2006, the amount paid to the Tetra subsidiary by Plains Marketing was approximately $14.0 million (net of severance taxes). The board has determined that the transactions with Tetra were not material and did 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.

Compensation Committee

We have a compensation committee that reviews and makes recommendations to the board regarding the compensation for the executive officers and administers our equity compensation plans for officers and key employees. The charter of our compensation committee is available on our website. See "— Meetings and Other Information." The compensation committee currently consists of Messrs. Capobianco, Petersen and Sinnott. Under applicable stock exchange rules, none of the members of our compensation committee is required to be "independent." None of the members of the compensation committee has been determined to be independent at this time. The compensation committee has the sole authority to retain any compensation consultants to be used to assist the committee, but did not retain any consultants in 2006. Similarly, the compensation committee has not delegated any of its authority to subcommittees. The compensation committee has delegated limited authority to the CEO to administer our long-term incentive plans with respect to non-officers.

Governance and Other Committees

We also have a governance committee that periodically reviews our governance guidelines. The charter of our governance committee is available on our website. See "— Meetings and Other Information." The governance committee currently consists of Messrs. Smith and Symonds, each of whom is independent under the NYSE's listing standards. As a limited partnership, we are not required by the listing standards of the NYSE to have a nominating committee. As discussed above, three of the owners of our general partner each have the right to appoint a director, and Mr. Armstrong is a director by virtue of his office. In the event of a vacancy in the three independent director seats, the governance committee will assist in identifying and screening potential candidates. Upon request of the owners of the general partner, the governance committee is also available to assist in identifying and screening potential candidates for the currently vacant "at large" seat. The governance committee will base its recommendations on an assessment of the skills, experience and characteristics of the candidate in the context of the needs of the board. As a minimum requirement for the independent board seats, any candidate must be "independent" and qualify for service on the audit committee under applicable SEC and NYSE rules.

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.

Meetings and Other Information

During the last fiscal year our board of directors had eight regularly scheduled and special meetings, our audit committee had 14 meetings, our compensation committee had one meeting and our governance committee had two meetings. None of our directors attended fewer than 75% of the aggregate number of meetings of the board of directors and committees of the board on which the director served.

As discussed above, the corporate governance of GP LLC is, in effect, the corporate governance of our partnership and directors of GP LLC are designated or elected by the members of GP LLC. Accordingly, unlike holders of common stock in a corporation, our unitholders have only limited voting rights on matters affecting our business or governance, subject in all cases to any specific unitholder rights contained in our partnership agreement. As a result, we do not hold annual meetings of unitholders.

All of our committees have charters. 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 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. 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, 2006 for filing with the SEC.

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

Report of the Compensation Committee

The compensation committee of Plains All American GP LLC reviews and makes recommendations to the board of directors regarding the compensation for the executive officers and directors.

In fulfilling its oversight responsibilities, the compensation committee reviewed and discussed with management the compensation discussion and analysis contained in this Annual Report on Form 10-K. Based on the reviews and discussions referred to above, the compensation committee recommended to the board of directors that the compensation discussion and analysis be included in the Annual Report on Form 10-K for the year ended December 31, 2006 for filing with the SEC.

David N. Capobianco, Chairman
Gary R. Petersen
Robert V. Sinnott

Compensation Committee Interlocks and Insider Participation

Messrs. Capobianco, Petersen and Sinnott served on the compensation committee during 2006. During 2006, 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, Petersen and Sinnott are associated with business entities with which we have relationships. See Item 13. "Certain Relationships and Related Transactions, and Director Independence."

Directors and Executive Officers

The following table sets forth certain information with respect to the members of our board of directors, our executive officers (for purposes of Item 401(b) of Regulation S-K) and certain other officers of us and our subsidiaries. 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 and director. Three of the owners of our general partner each have the right to separately designate a member of our board. Such designees are indicated in footnote 2 to the following table.

Name	Age (as of 12/31/06)	Position(1)
Greg L. Armstrong*(2)	48	Chairman of the Board, Chief Executive Officer and Director
Harry N. Pefanis*	49	President and Chief Operating Officer
Phillip D. Kramer*	50	Executive Vice President and Chief Financial Officer
George R. Coiner*	56	Senior Group Vice President

Table of Contents

Name	Age (as of 12/31/06)	Position(1)
W. David Duckett*	51	President — PMC (Nova Scotia) Company
Mark F. Shires*	49	Senior Vice President — Operations
Alfred A. Lindseth	37	Senior Vice President — Technology, Process & Risk Management
D. Mark Alenius	47	Vice President and Chief Financial Officer of PMC (Nova Scotia) Company
Stephen L. Bart	46	Vice President — Operations of PMC (Nova Scotia) Company
Ralph R. Cross	51	Vice President — Business Development and Transportation Services of PMC (Nova Scotia) Company
Lawrence J. Dreyfuss	52	Vice President, General Counsel — Commercial & Litigation and Assistant Secretary
Roger D. Everett	61	Vice President — Human Resources
James B. Fryfogle	55	Vice President — Refinery Supply
Mark J. Gorman	52	Vice President
M.D. (Mike) Hallahan	46	Vice President — Crude Oil of PMC (Nova Scotia) Company
Richard (Rick) Henson	52	Vice President — Corporate Services of PMC (Nova Scotia) Company
Jim G. Hester	47	Vice President — Acquisitions
John Keffer	47	Vice President — Terminals
Tim Moore*	49	Vice President, General Counsel and Secretary
Daniel J. Nerbonne	49	Vice President — Engineering
John F. Russell	58	Vice President — Pipeline Operations
Robert Sanford	57	Vice President — Lease Supply
Al Swanson	42	Vice President — Finance and Treasurer
Tina L. Val*	37	Vice President — Accounting and Chief Accounting Officer
Troy E. Valenzuela	45	Vice President — Environmental, Health and Safety
John P. vonBerg*	52	Vice President — Trading
David E. Wright	61	Vice President
Ron F. Wunder	38	Vice President — LPG of PMC (Nova Scotia) Company
David N. Capobianco(2)	37	Director and Member of Compensation** Committee
Everardo Goyanes	62	Director and Member of Audit** Committee
Gary R. Petersen(2)	60	Director and Member of Compensation Committee
Robert V. Sinnott(2)	57	Director and Member of Compensation Committee
Arthur L. Smith	54	Director and Member of Audit and Governance** Committees

Table of Contents

Name	Age (as of 12/31/06)	Position(1)
J. Taft Symonds	67	Director and Member of Audit and Governance Committees

* Indicates an "executive officer" for purposes of Item 401(b) of Regulation S-K.

** Indicates chairman of committee.

(1) Unless otherwise described, the position indicates the position held with Plains All American GP LLC.

(2) 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 three of the owners of our general partner each have the right to appoint a member of our board of directors. Mr. Capobianco has been appointed by Vulcan Energy Corporation, of which he is Chairman of the Board. Because it owns a majority in interest in GP LLC, Vulcan Energy Corporation has the power at any time to cause an additional director to be elected to the currently vacant board seat. Mr. Petersen has been appointed by E-Holdings III, L.P., an affiliate of EnCap Investments L.P., of which he is Senior Managing Director. Mr. Sinnott has been appointed 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., a director of Breitburn Energy Partners, L.P. 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 and Settoon Towing.

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. Mr. Coiner is also a director of Settoon Towing.

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. Mr. Duckett is also a director of WellPoint Systems Inc.

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.

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.

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.

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.

Lawrence J. Dreyfuss has served as Vice President, General Counsel — Commercial & Litigation and Assistant Secretary since August 2006. Mr. Dreyfuss was Vice President, Associate General Counsel and Assistant Secretary of our general partner from February 2004 to August 2006 and 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.

Roger D. Everett has served as Vice President — Human Resources since November 2006 and as Director of Human Resources from August 2006 to December 2006. Before joining us, Mr. Everett was a Principal with Stone Partners, a human resource management consulting firm, for over 10 years serving as the Managing Director Human Resources from 2000 to 2006. Mr. Everett has held numerous positions of increasing responsibility in human resource management since 1979 including Vice President of Human Resources at Living Centers of America and Beverly Enterprises, Director of Human Resources at Healthcare International and Director of Compensation and benefits at Charter Medical.

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.

Mark J. Gorman has served as Vice President since November 2006. Prior to joining Plains, he was with Genesis Energy in differing capacities as a Director, President and CEO, and Executive Vice President and COO from 1996 through August 2006. From 1992 to 1996, he served as a President for Howell Crude Oil Company. Mr. Gorman began his career with Marathon Oil Company, spending 13 years in various disciplines.

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 as 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.

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.

John Keffer has served as Vice President — Terminals since November 2006. Mr. Keffer joined Plains Marketing L.P. in October 1998 and prior to his appointment as Vice President, he served as Managing Director — Refinery Supply, Director of Trading and Manager of Sales and Trading. Prior to joining Plains Mr. Keffer was with Prebon Energy, an energy brokerage firm, from January 1996 through September 1998. Mr. Keffer was with the Permian Corporation / Scurlock Permian from January 1990 through December 1995, where he served in several capacities in the marketing department including Director of Crude Oil Trading. Mr. Keffer began his career with Amoco Production Company and served in various capacities beginning in June 1982.

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.

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.

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.

Robert Sanford has served as Vice President — Lease Supply since June 2006. He served as Managing Director — Lease Acquisitions and Trucking from July 2005 to June 2006 and as Director of South Texas and Mid Continent Business Units from April 2004 to July 2005. Mr. Sanford was with Link Energy/EOTT Energy from 1994 to April 2004, where he held various positions of increasing responsibility.

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 — 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 E. Wright has served as Vice President since November 2006. Prior to joining Plains, he served as Executive Vice President, Corporate Development for Pacific Energy Partners, L.P. from February 2005 and as Vice President, Corporate Development and Marketing from December 2001. Mr. Wright also served as Vice President, Distribution West of Tosco Refining Company from March 1997 to June 2001, and as Vice President, Pipelines for GATX Terminals Corporation from October 1995 to March 1997.

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.

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 is also a director of EV Energy Partners, L.P. 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. and he is a director of Kayne Anderson Energy Development Company. 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 board of 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 was, until December 2006, 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 2006.

Executive Compensation

Compensation Discussion and Analysis

Background

All of our officers and employees (other than Canadian personnel) are employed by Plains All American GP LLC. Our Canadian personnel are employed by PMC (Nova Scotia) Company, which is a wholly owned subsidiary. Under our partnership agreement, we are required to reimburse our general partner and its affiliates for all employment-related costs, including compensation for executive officers.

Objectives

Since our inception, we have employed a compensation philosophy that emphasizes pay for performance, both on an individual and entity level, and places the majority of each Named Executive Officer's (defined below) compensation at risk. The primary long-term measure of the Partnership's performance is its ability to increase its sustainable quarterly distribution to its unitholders. We believe our pay-for-performance approach aligns the interests of executive officers with that of our unitholders, and at the same time enables us to maintain a lower level of base overhead in the event our operating and financial performance is below expectations. Our executive compensation is designed to attract and retain individuals with the background and skills necessary to successfully execute our business model in a demanding environment, to motivate those individuals to reach near-term and long-term goals in a way that aligns their interest with that of our unitholders, and to reward success in reaching such goals. We use three primary elements of compensation to fulfill that design — salary, cash bonus and long-term equity incentive awards. In practice, our salaries are moderate relative to the broad spectrum of energy industry competitors for similar talent, but are generally competitive with the narrower universe of large-cap MLP peers. The determination of specific individuals' cash bonus is based on their relative contribution to achieving or exceeding annual goals and the determination of specific individuals' long-term incentive awards is based on their expected contribution in respect of longer term performance benchmarks. Cash bonuses and equity incentives (as opposed to salary) represent the truly performance-driven elements. They are also flexible in application and can be tailored to serve more than one purpose. We do not maintain a defined benefit or pension plan for our executive officers as we believe such plans primarily reward longevity and not performance. We provide a basic benefits package generally to all employees, which includes a 401(k) plan and health, disability and life insurance. In instances considered necessary for the execution of their job responsibilities, we also reimburse certain of our executive officers and other employees for club dues and similar expenses. We consider these benefits and reimbursements to be typical of other employers, and we do not believe they are distinctive of our compensation program.

Elements of Compensation

Salary. We do not "benchmark" our salary or bonus amounts. In practice, our salaries are moderate relative to the broad spectrum of energy industry competitors for similar talent, but are generally competitive with the narrower universe of large-cap MLP peers.

Cash Bonuses. Our cash bonuses consist of annual discretionary bonuses in which all Named Executive Officers potentially participate and a formula-based quarterly bonus program in which Messrs. Coiner and vonBerg participate.

Long-Term Incentive Awards. The primary long-term measure of the Partnership's performance is its ability to increase its sustainable quarterly distribution to its equity holders. The Partnership uses performance-indexed phantom unit grants to encourage and reward timely achievement of targeted distribution levels and align the long-term interests of the Named Executive Officers with those of the Partnership's equity owners. These grants also contain minimum service periods as further described below in order to encourage long-term retention. A phantom unit is the right to receive, upon the satisfaction of any vesting criteria specified in the grant, a common unit (or cash equivalent) of the Partnership. The Partnership does not use options as a form of incentive compensation. Unlike "vesting" of an option, vesting of a phantom unit results in delivery of a common unit or cash of equivalent value as opposed to a right to exercise. Terms of historical phantom unit grants have varied, but generally phantom units vest upon the later of achievement of targeted distribution threshold levels and continued employment for periods ranging from two to six years. These distribution performance thresholds are generally consistent with the Partnership's targeted range for distribution growth. To encourage accelerated performance, if the Partnership meets certain distribution thresholds prior to meeting the minimum service requirement for vesting, the named executive officers have the right to receive distributions on phantom unit grants prior to vesting in the underlying units (referred to as distribution equivalent rights, or "DERs").

Relation of Compensation Elements to Compensation Objectives

Our compensation program is designed to motivate, reward and retain our executive officers. Cash bonuses serve as a near-term motivation and reward for achieving the annual goals established at the beginning of each year. Phantom unit awards and associated DERs provide motivation and reward over both the near-term and long-term for achieving performance thresholds necessary for vesting. The level of annual bonus and phantom unit awards reflect the moderate salary profile and the significant weighting towards performance-based, at-risk compensation. Salaries and cash bonuses (particularly quarterly bonuses), as well as currently payable DERs associated with unvested phantom units, serve as near-term retention tools. Longer-term retention is facilitated by the minimum service periods of up to five years associated with phantom unit awards and, in the case of Mr. Coiner and Mr. vonBerg, annual bonuses that are payable over a three-year period. To facilitate the compensation committee in reviewing and making recommendations with respect to compensation of Named Executive Officers, the committee is provided a compensation "tally sheet" for such officers.

We stress performance-based compensation elements to attempt to create a performance-driven environment in which our executive officers are (i) motivated to perform over both the short term and the long term,

(ii) appropriately rewarded for their services and (iii) encouraged to remain with the Partnership even after meeting long-term performance thresholds in order to meet the minimum service periods and by the promise of rewards yet to come. We believe our compensation philosophy as implemented by application of the three primary compensation elements aligns the interests of the Named Executive Officers with our equity holders and positions the Partnership to achieve its business goals.

We believe these compensation practices have been successful in achieving our objectives. Over the five-year period ended December 31, 2006, our annual distribution per limited partner unit has grown at a compound annual rate of 8.3% and the total return realized by our limited partner unitholders for that period averaged approximately 23%. Our retention rate for Named Executive Officers over the same period has been 100%.

Application of Compensation Elements

Salary. We do not make systematic annual adjustments to the salaries of the Named Executive Officers. Instead, when indicated as a result of adding new senior management members to keep pace with our overall growth, necessary salary adjustments are made to maintain hierarchical relationships between senior management levels and the new senior management members. Since May 1999, Messrs. Armstrong and Pefanis have received one salary adjustment and Messrs. Coiner and Kramer have received two salary adjustments.

Cash Bonuses.

Annual Discretionary Bonuses. Annual discretionary bonuses are determined based on the Partnership's performance relative to its annual plan forecast and public guidance, its distribution growth targets and other quantitative and qualitative goals established at the beginning of each year. Such annual objectives are discussed and reviewed with the board in conjunction with the review and authorization of the annual plan.

At the end of each year, our CEO performs a quantitative and qualitative assessment of the Partnership's performance relative to its goals. Key quantitative measures include earnings before interest, taxes, depreciation and amortization, excluding items affecting comparability ("EBITDA"), relative to established guidance, as well as the growth in the annualized quarterly distribution level per limited partner unit relative to annual growth targets. Our primary performance metric is our ability to generate increasing and sustainable cash distributions to our equity owners. Accordingly, although net income and net income per unit are monitored to highlight inconsistencies with primary performance metrics, as is the Partnership's market performance relative to our MLP peers and major indices, these metrics are considered secondary performance measures. Our CEO's written analysis of our performance examines the Partnership's accomplishments, shortfalls and overall performance against opportunity, taking into account controllable and non-controllable factors encountered during the year.

The resulting document and supporting detail is submitted to our board of directors for review and comment. Based on the conclusions set forth in the annual performance review, our CEO submits recommendations to the compensation committee for bonuses to Named Executive Officers, taking into account the relative contribution of the individual officer. Except as described below for Messrs. Coiner and vonBerg, there are no set formulas for determining the annual discretionary bonus for Named Executive Officers. Factors considered by our CEO in determining the level of bonus in general include (i) whether or not we achieved the goals established for the year and any notable shortfalls relative to expectations; (ii) the level of difficulty associated with achieving such objectives based on the opportunities and challenges encountered during the year; (iii) current year operating and financial performance relative to both public guidance and prior year's performance; (iv) significant transactions or accomplishments for the period not included in the goals for the year; (v) our relative prospects at the end of the year with respect to future growth and performance; and (vi) our positioning at the end of the year with respect to our targeted credit profile. Our CEO takes these factors into consideration as well as the relative contributions of each of the Named Executive Officers to the year's performance in developing his recommendations for bonus amounts.

These recommendations are discussed with the compensation committee, adjusted as appropriate, and submitted to the board for its review and approval. Similarly, the compensation committee assesses the CEO's contribution toward meeting the Partnership's goals, and recommends a bonus for the CEO it believes to be commensurate with such contribution. In several instances, the CEO has requested that the bonus amount recommended by the compensation committee be reduced to maintain a closer relationship to bonuses awarded to the other Named Executive Officers.

Quarterly Bonus based on Adjusted EBITDA. Mr. Coiner, Mr. vonBerg and certain other members of our U.S. based senior management team are directly involved in activities that generate earnings for the Partnership. These individuals, along with approximately 80 other employees in our marketing and business development groups participate in a quarterly bonus pool based on adjusted EBITDA,[1] which directly rewards for quarterly performance the commercial and asset-managing employees who participate. This quarterly incentive provides a direct incentive to optimize quarterly performance even when, on an annual basis, other factors might negatively affect bonus potential. Allocation of quarterly bonus amounts among all participants based on relative contribution is recommended by Mr. Coiner and reviewed, modified and approved by Mr. Pefanis, as appropriate. Mr. Pefanis does not participate in the quarterly bonus. The quarterly bonus amounts for Mr. Coiner and Mr. vonBerg are taken into consideration in determining the recommended annual discretionary bonus submitted by the CEO to the compensation committee.

Long-Term Incentive Awards. The Partnership does not make systematic annual phantom unit awards to the Named Executive Officers. Instead, our objective is to time the granting of awards such that as performance thresholds are met for existing awards, additional long-term incentives are created. Thus, performance is rewarded by relatively greater frequency of awards and lack of performance by relatively lesser frequency of awards. Generally, we believe that a three- to four-year grant cycle (and extended time-vesting requirements) provides a balance between a meaningful retention period for us and a visible, reachable reward for the executive officer. Achievement of performance targets does not shorten the minimum service period requirement. If top performance targets on outstanding awards are achieved in the early part of this four-year cycle, new awards are granted with higher performance thresholds, and the minimum service periods of the new awards are generally synchronized with the remaining time-vesting requirements of outstanding awards in a manner designed to encourage extended retention of the Named Executive Officers. Accordingly, these new arrangements inherently take into account the value of awards where performance levels have been achieved but have not yet vested due to ongoing service period requirements, but do not take into consideration previous awards that have fully vested.

Application in 2006

At the beginning of 2006, the Partnership publicly established the following five goals for 2006:

1. Deliver operating and financial performance in line with guidance furnished at the beginning of 2006 on a Form 8-K dated February 23, 2006;
2. Maintain and improve our present credit rating and further expand our liquidity and financial flexibility to accommodate future growth;
3. Optimize our existing asset base and operations and expand our inventory of internal expansion projects;
4. Pursue our target of averaging $200 to $300 million of accretive and strategic acquisitions; and
5. Increase our distribution paid to unitholders by 10% over 2005 payments.

The Partnership met or substantially exceeded each of these goals in 2006. Excluding the impact of unforecasted acquisitions, our adjusted EBITDA exceeded the original guidance for 2006 by approximately 24%. Including the impact of unforecasted acquisitions, our adjusted EBITDA exceeded original guidance for 2006 by approximately 40%. We exceeded our acquisition target for 2006 by completing seven acquisitions aggregating approximately $3.0 billion. We also took several steps to optimize our asset base and expand our inventory of organic growth projects as we successfully implemented an expanded capital program totaling approximately $332 million, an increase of 44% as compared to the original capital program for 2006 of approximately

[1] Adjusted EBITDA excludes the effect of certain non-cash items such as the effect of FAS 133 and accrual of LTIP expenses. Any bonus amounts that are deducted in calculating EBITDA are added back for purposes of calculating the bonus pool.

$230 million. Despite a year of significant acquisition and expansion activity, we maintained a strong capital structure and an investment grade credit rating and expanded the Partnership's liquidity and financial flexibility. Finally, we exceeded our goal for unitholder distributions as total distributions paid in 2006 increased by approximately 11.5% over distributions paid in 2005. The total return to our limited partners (unit price appreciation plus distributions received) was approximately 38% in 2006 as compared to 25.8%, 15.8% and 19.0% for the MLP peer index, the S&P 500 and the Dow Jones Industrial Index, respectively.

For 2006, the elements of compensation were applied as follows:

Salary. No salary adjustments were recommended or made in 2006.

Cash Bonuses. Based on our CEO's annual performance review and the individual performance of each of our Named Executive Officers, our compensation committee recommended to the board and the board approved the annual bonuses reflected in the "Summary Compensation Table" and notes thereto. The aggregate annual and, where applicable, quarterly bonus amounts reflected in the Summary Compensation Table are approximately 11% to 28% higher than amounts paid in 2005, which was considered a year of strong performance. Such amounts take into account the significant overperformance relative to each of the five goals established for 2006, the absence of any notable shortfalls relative to expectations; the level of difficulty associated with achieving such objectives; our relative positioning at the end of the year with respect to future growth and performance; the significant transactions or accomplishments for the period not included in the goals for the year; and our positioning at the end of the year with respect to our targeted credit profile. In the case of Mr. Coiner and Mr. vonBerg, the aggregate bonus amount represented 39.8% and 37.5% in annual bonus and 60.2% and 62.5% in quarterly bonus, respectively.

Long-Term Incentive Awards. No awards were made in 2006. Effective with the November 2006 distribution, however, we achieved the highest performance threshold ($3.00 per limited partner unit annualized) contained in substantially all pre-2006 phantom unit awards. Vesting of these pre-2006 awards remains subject to continued employment, and the service-period vesting requirements will be met in various increments over the next three to four years with the final vesting in May 2010. The compensation expense recognized in 2006 related to such awards is reflected on an individual basis in the Summary Compensation Table that follows. The vesting requirements are described in the footnotes to the Outstanding Equity Awards Table that follows.

Consistent with our policy of issuing new grants (with extended time-vesting periods) when the highest performance threshold of existing grants has been reached, in February of 2007 our board of directors granted awards with a top performance threshold of $4.00 per limited partner unit, representing a 33% increase over the November 2006 distribution level of $3.00 per unit. Such grants are intended to encourage continued growth and fundamental performance that will support future distribution growth. Specifically, the terms of the awards provide that, subject to meeting the service period requirement, the phantom unit grants will vest in one-third increments upon achieving annualized quarterly distribution levels of $3.50 per unit, $3.75 per unit and $4.00 per unit, respectively. Tandem DERs vest in 25% increments upon achieving annualized quarterly distribution levels of $3.40, $3.60, $3.80 and $4.00 per unit. Approximately two-thirds of the awards are eligible to vest in 2011 and one-third are eligible to vest in 2012. If any of the performance thresholds are not achieved prior to the May 2014 distribution date, such awards will expire. Upon vesting, the phantom units are payable on a one-for-one basis in common units of the partnership (or cash equivalent depending on the form of grant). The 2007 awards included grants to the Named Executive Officers as follows: Mr. Armstrong, 180,000; Mr. Pefanis, 120,000; Mr. Kramer, 60,000; Mr. Coiner, 90,000 and Mr. vonBerg, 54,000. The number of phantom units awarded to the Named Executive Officers represents approximately 60% of their outstanding pre-2006 awards.

Other Compensation Related Matters

Equity Ownership. As of December 31, 2006, each of the Named Executive Officers owned substantial equity in the partnership. Although the Partnership encourages its Named Executive Officers to retain ownership in the Partnership, it does not have a policy requiring maintenance of a specified equity ownership level. The Partnership's policies prohibit the Named Executive Officers from using puts, calls or options to hedge the economic risk of their ownership. In the aggregate, as of December 31, 2006, the Named Executive Officers beneficially owned an aggregate of approximately 556,475 limited partner units, excluding any unvested equity awards, as well as an aggregate 3% indirect ownership interest in the general partner. Based on the market price of the limited partner units at December 31, 2006 and an implied valuation for their collective general partner interest using similar valuation metrics, the value of the equity ownership of these individuals was approximately 45 times their aggregate 2006 salaries and approximately 3.9 times the combined aggregate salaries and bonuses for 2006.

Recovery of Prior Awards. Except as provided by applicable laws and regulations, the Partnership does not have a policy with respect to adjustment or recovery of awards or payments if relevant company performance measures upon which previous awards were based are restated or otherwise adjusted in a manner that would reduce the size of such award or payment.

Section 162(m). With respect to the deduction limitations under Section 162(m) of the Code, Plains is a limited partnership and does not meet the definition of a "corporation" under Section 162(m). Nonetheless, the salaries for each of the Named Executive Officers are substantially less than the Section 162(m) threshold of $1,000,000 and we believe the bonus compensation and long-term incentive compensation would qualify for performance-based compensation under Reg. 1.162-27(e) and therefore would not be additive to salaries for purposes of measuring the $1,000,000 tax limitation.

Change in Control Triggers. The employment agreements for Messrs. Armstrong and Pefanis and the long-term incentive plan grants to the Named Executive Officers include severance payment provisions or accelerated vesting triggered upon a change of control, as defined in the respective agreement. In the case of the long-term incentive plan grants, the provision becomes operative only if the change in control is accompanied by a change in status (such as the termination of employment by the general partner). We believe this "double trigger" arrangement is appropriate because it provides assurance to the executive, but does not offer a windfall to the executive when there has been no real change in employment status. The provisions in the employment agreements for Messrs. Armstrong and Pefanis become operative only if the executive terminates employment within three months of the change in control. Messrs. Armstrong and Pefanis agreed to a conditional waiver of these provisions with respect to a transaction in 2005 that would have constituted a change in control. See ''— Potential Payments upon Termination or Change-in-Control" and "— Employment Agreements."

Summary Compensation Table

The following table sets forth certain compensation information for our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers in 2006 (the "Named Executive Officers"). We reimburse our general partner and its affiliates for expenses incurred on our behalf, including the costs of officer compensation.

2006 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Incen ($)	All Other ($)(2)	Total ($)
Greg L. Armstrong Chairman and CEO	2006	375,000	3,750,000	5,184,222	0	15,930	9,325,152
Harry N. Pefanis President and Chief Operating Officer	2006	300,000	3,400,000	3,456,148	0	15,930	7,172,078
Phillip D. Kramer Executive Vice President and Chief Financial Officer	2006	250,000	1,000,000	1,876,043	0	15,930	3,141,973
George R. Coiner Senior Group Vice President	2006	250,000	3,390,100 (3)	2,616,477	0	15,930	6,272,507
John P. vonBerg Vice President — Trading	2006	200,000	2,934,700 (4)	1,575,530	0	15,744	4,725,974

(1) Dollar amounts represent the compensation expense recognized in 2006 with respect to outstanding phantom unit grants under our LTIP, whether or not granted during 2006. See Note 10 to our Consolidated Financial

Statements for a discussion of the assumptions made in determining these amounts. While substantially all of the performance thresholds for earning the phantom units represented by these amounts had been met as of December 29, 2006, none of the amounts included in this column were vested as of such date as they contain ongoing service requirements and, subject to meeting those requirements, will vest in various increments in 2007, 2008, 2009 and 2010.

(2) Our general partner matches 100% of employees' contributions to its 401(k) plan in cash, subject to certain limitations in the plan. All Other Compensation for Messrs. Armstrong, Pefanis, Kramer, Coiner and vonBerg includes $15,000 in such contributions. The remaining amount represents premium payments on behalf of the Named Executive Officer for group term life insurance.

(3) Includes quarterly bonuses aggregating $2,040,100 and an annual bonus of $1,350,000. The annual bonus is payable 60% at the time of award and 20% in each of the two succeeding years.

(4) Includes quarterly bonuses aggregating $1,834,700 and an annual bonus of $1,100,000. The annual bonus is payable 60% at the time of award and 20% in each of the two succeeding years.

Grants of Plan-Based Awards Table

This table has been omitted because no plan-based awards were made in 2006. See "— Compensation Discussion and Analysis."

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

A discussion of 2006 salaries and bonuses is included in "— Compensation Discussion and Analysis." The following is a discussion of other material factors necessary to an understanding of the information disclosed in the Summary Compensation Table.

2006 Salary — As discussed in our CD&A, we do not make systematic annual adjustments to the salaries of the Named Executive Officers. Accordingly, no salary adjustments were made for any of our executive officers in 2006.

Employment Contracts

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, including, but not limited to, requirement of law or prior disclosure by a third party) 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 2005, Mr. Armstrong's annual salary was increased to $375,000. See "— Compensation Discussion and Analysis" for a discussion of how salary and bonus are used to achieve compensation objectives. See "— Potential Payments Upon Termination or Change-In-Control" for a discussion of the provisions in Mr. Armstrong's employment agreement related to termination, change of control and related payment obligations.

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 2005, Mr. Pefanis' annual salary was increased to $300,000. See "— Compensation Discussion and Analysis" for a discussion of how salary and bonus are used to achieve compensation objectives. See "— Potential Payments Upon Termination or Change-In-Control" for a discussion of the provisions in Mr. Pefanis' employment agreement related to termination, change of control and related payment obligations.

Table of Contents

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. See "— Compensation Discussion and Analysis" for a discussion of how salary and bonus are used to achieve compensation objectives. The letter agreement expired in accordance with its terms in January 2007. 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 one year after termination, engage in certain transactions with certain suppliers and customers.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2006 with respect to the Named Executive Officers:

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Greg L. Armstrong	37,500 (2)	—	—	$ 11.55	06/07/2011	—	—	—	—
	—	—	—	—	—	—	—	300,000 (3)	15,360,000
Harry N. Pefanis	27,500 (2)	—	—	$ 11.55	06/07/2011	—	—	—	—
	—	—	—	—	—	—	—	200,000 (3)	10,240,000
Phillip D. Kramer	22,500 (2)	—	—	$ 11.55	06/07/2011	—	—	—	—
	—	—	—	—	—	—	—	100,000 (4)	5,120,000
George R. Coiner	21,250 (2)	—	—	$ 11.55	06/07/2011	—	—	—	—
	—	—	—	—	—	—	—	80,000 (4)	4,096,000
	—	—	—	—	—	—	—	70,000 (5)	3,584,000
John P. vonBerg	—	—	—	—	—	—	—	50,000 (4)	2,560,000
	—	—	—	—	—	—	—	40,000 (5)	2,048,000

(1) Market value of stock reported in this column is calculated by multiplying the closing market price ($51.20) of the Partnership's common units at December 29, 2006 (the last trading day of the fiscal year) by the number of units. Approximately one third of the value reflected in this column is also reflected in the Summary Compensation Table.

(2) The units underlying the options were contributed to our general partner by its owners. We have no obligation to reimburse our general partners for the units upon exercise of the options. Mr. Armstrong vested in 18,750 options on April 22, 2002 and 18,750 options on July 21, 2004. Mr. Pefanis vested in 13,750 options on each of the same dates. Mr. Kramer vested in 11,250 options on each of the same dates. Mr. Coiner vested in 10,625 options on each of the same dates.

(3) 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.

(4) 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.

(5) 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.

Option Exercises and Stock Vested Table

This table has been omitted because there were no exercises of options by or vestings of LTIPs for the Named Executive Officers in 2006.

Pension Benefits

The Partnership sponsors a 401(k) plan that is available to all U.S. employees, but does not maintain a pension or defined benefit program.

Nonqualified Deferred Compensation and Other Nonqualified Deferred Compensation Plans

The Partnership does not have a nonqualified deferred compensation plan or program for its officers or employees.

Table of Contents

Potential Payments upon Termination or Change-in-Control

The following table sets forth potential amounts payable to our current Named Executive Officers upon termination of employment under various circumstances, and as if terminated on December 29, 2006.

Potential Payments upon Termination or Change-in-Control

Termination:	By Reason of Death ($)	By Reason of Disability ($)	By Company without Cause ($)	By Executive with Good Reason ($)	In Connection with a Change in Control ($)
Greg L. Armstrong					
Salary and Bonus	6,750,000 (1)	6,750,000 (1)	6,750,000 (1)	6,750,000 (1)	10,125,000 (2)
Equity Compensation	15,360,000 (3)	15,360,000 (3)	15,360,000 (2)(4)	15,360,000 (2)	15,360,000 (2)(5)
Health Benefits	N/A	39,736 (6)	39,736 (6)	39,736 (6)	39,736 (6)
Tax Gross-up	N/A	N/A	N/A	N/A	2,371,479 (7)
Total	22,110,000	22,149,736	22,149,736	22,149,736	27,896,215
Harry N. Pefanis					
Salary and Bonus	6,100,000 (1)	6,100,000 (1)	6,100,000 (1)	6,100,000 (1)	9,150,000 (2)
Equity Compensation	10,240,000 (3)	10,240,000 (3)	10,240,000 (4)	10,240,000 (2)	10,240,000 (2)(5)
Health Benefits	N/A	39,736 (6)	39,736 (6)	39,736 (6)	39,736 (6)
Tax Gross-up	N/A	N/A	N/A	N/A	2,112,233 (7)
Total	16,340,000	16,379,736	16,379,736	16,379,736	21,541,969
Phillip D. Kramer					
Equity Compensation	5,120,000 (3)	5,120,000 (3)	5,120,000 (4)	N/A	5,120,000 (5)
George R. Coiner					
Equity Compensation	7,680,000 (3)	7,680,000 (3)	6,485,299 (4)	N/A	7,680,000 (5)
John P. vonBerg					
Equity Compensation	4,608,000 (3)	4,608,000 (3)	3,925,299 (4)	N/A	4,608,000 (5)

(1) The employment agreements between our general partner and Messrs. Armstrong and Pefanis provide that if (i) their employment with our general partner is terminated as a result of their death, (ii) they terminate their employment with our general partner (a) because of a disability (as defined below) or (b) for good reason (as defined below), or (iii) our general partner terminates their employment without cause (as defined below), they are entitled to a lump-sum amount equal to the product of (1) the sum of their (a) highest annual base salary paid prior to their date of termination and (b) highest annual bonus paid or payable for any of the three years prior to the date of termination, and (2) the lesser of (i) two or (ii) the number of days remaining in the term of their employment agreement divided by 360. The amount provided in the table assumes for each executive a termination date of December 29, 2006, and also assumes a highest annual base salary of $375,000 and highest annual bonus of $3,000,000 for Mr. Armstrong, and a highest annual base salary of $300,000 and highest annual bonus of $2,750,000 for Mr. Pefanis.

The employment agreements between our general partner and Messrs. Armstrong and Pefanis define “disability” as the impairment of health to an extent that makes the continued performance of their duties hazardous to physical or mental health or life.

The employment agreements between our general partner and Messrs. Armstrong and Pefanis define "cause" as (i) willfully engaging in gross misconduct, or (ii) conviction of a felony involving moral turpitude. Notwithstanding, no act, or failure to act, on their part is "willful" unless done, or omitted to be done, not in good faith and without reasonable belief that such act or omission was in the best interest of our general partner or otherwise likely to result in no material injury to our general partner. However, neither Mr. Armstrong or Mr. Pefanis will be deemed to have been terminated for cause unless and until there is delivered to them a copy of a resolution of the board of directors of our general partner at a meeting held for that purpose (after reasonable notice and an opportunity to be heard), finding that Mr. Armstrong or Mr. Pefanis, as applicable, was guilty of the conduct described above, and specifying the basis for that finding.

The employment agreements between our general partner and Messrs. Armstrong and Pefanis define "good reason" as the occurrence of any of the following circumstances: (i) removal by our general partner from, or failure to re-elect them to, the positions to which Messrs. Armstrong and Pefanis were appointed pursuant to their respective employment agreements, except in connection with their termination for cause (as defined above); (ii) (a) a reduction in their rate of base salary (other than in connection with across-the-board salary reductions for all executive officers of our general partner, unless such reduction reduces their base salary to less than 85% of their current base salary, (b) a material reduction in their fringe benefits, or (c) any other material failure by our general partner to comply with its obligations under their employment agreements to pay their annual salary and bonus, reimburse their business expenses, provide for their participation in certain employee benefit plans and arrangements, furnish them with suitable office space and support staff, or allow them no less than 15 business days of paid vacation annually; or (iii) the failure of our general partner to obtain the express assumption of the employment agreements by a successor entity (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of our general partner.

(2)

Pursuant to their employment agreements, if Messrs. Armstrong and Pefanis terminate their employment with our general partner within three (3) months of a change in control (as defined below), they are entitled to a lump-sum payment in an amount equal to the product of (i) three and (ii) the sum of (a) their highest annual base salary previously paid to them and (b) their highest annual bonus paid or payable for any of the three years prior to the date of such termination. The amount provided in the table assumes a change in control and termination date of December 29, 2006, and also assumes a highest annual base salary of $375,000 and highest annual bonus of $3,000,000 for Mr. Armstrong, and a highest annual base salary of $300,000 and highest annual bonus of $2,750,000 for Mr. Pefanis.

For this purpose a "change in control" means (i) the acquisition by an entity or group (other than Plains Resources Inc. or a wholly owned subsidiary thereof) of 50% or more of the membership interest of our general partner or (ii) the existing owners of the membership interests of our general partner ceasing to own more than 50% of the membership interests of our general partner.

In August 2005, Vulcan Energy increased its interest in our general partner from approximately 44% to approximately 54%. The consummation of the transaction constituted a change of control under the employment agreements with Messrs. Armstrong and Pefanis. However, Messrs. Armstrong and Pefanis entered into agreements with our general partner waiving their rights to payments under their employment agreements in connection with the change of control, contingent on the execution and performance by Vulcan Energy of a voting agreement with 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 these waivers will automatically terminate and the executive officer will be paid a lump sum as if he had terminated his employment for good reason. Upon any termination by the Company without cause or by the executive for good reason, such executive officer would also vest in all outstanding phantom units under our LTIPs.

(3)

The letters evidencing the 2005 phantom unit grants to the Named Executive Officers provide that in the event of their death or disability (as defined below), all of their then outstanding phantom units and associated DERs will be deemed 100% nonforfeitable, and such phantom units and associated DERs will vest (*i.e* ., the phantom units will become payable in the form of one common unit and the associated DERs will become payable in a cash lump-sum payment) as provided in Footnote 3 to the "Outstanding Equity Awards at Fiscal Year-End" table. For this purpose "disability" means a physical or mental disability that impairs the ability to perform duties for a period of eighteen (18) months or that the general partner otherwise determines constitutes a disability.

The dollar value amount provided assumes the death or disability occurred on December 29, 2006. As a result, all phantom units and the associated DERs of the Named Executive Officers would have become nonforfeitable effective as of December 29, 2006, and vested at the time(s) described in Footnote 3 to the “Outstanding Equity Awards at Fiscal Year-End” table. The dollar value given is based on the market value on December 29, 2006 ($51.20 per unit) without discount for vesting period.

(4)

Pursuant to the 2005 phantom unit grants to the Named Executive Officers, in the event their employment is terminated other than in connection with a change in control (as defined in Footnote 5, below) or by reason of death or disability (as defined in Footnote 3, above), all of the DERs (regardless of vesting) and phantom units then outstanding under their respective 2005 phantom unit grants would automatically be forfeited as of the date of termination; provided, however, that if our general partner terminated their employment other than for cause (as defined below), any unvested phantom units that had satisfied all of the vesting criteria as of the date of their termination but for the passage of time would be deemed nonforfeitable and would vest on the next following distribution date. The dollar value amount provided assumes that the Named Executive Officers were terminated without cause on December 29, 2006. As a result, all of the outstanding phantom units held by Messrs. Armstrong, Pefanis and Kramer would be deemed nonforfeitable and would vest on the February 2007 distribution date. All outstanding phantom units, except for 23,334 and 13,334 held by Messrs. Coiner and vonBerg, respectively, would be deemed nonforfeitable and would vest on the February 2007 distribution date. The dollar value given is based on the market value on December 29, 2006 of $51.20 per unit, without discount for vesting period.

(5)

The 2005 phantom unit grants to the Named Executive Officers provide that in the event of a change of status (as defined below), all of the then outstanding phantom units and tandem DERs will be deemed 100% nonforfeitable, and such phantom units will vest in full (*i.e* ., become payable in the form of one common unit of our general partner for each phantom unit) upon the next distribution date. Assuming the change in status occurred on December 29, 2006, all outstanding phantom units and the associated DERs would have become nonforfeitable as of December 29, 2006, and such phantom units and tandem DERs would vest (*i.e* ., become payable) on the February 2007 distribution date.

The phrase “change in status” means, with respect to a Named Executive Officer, the occurrence, during the period beginning three months prior to and ending one year following a change of control (as defined below), of any of the following: (i) termination of employment by our general partner other than a termination for cause (as defined below); (ii) without consent, the removal from, or any failure to re-elect them to, the position(s) held by them (or substantially equivalent position(s)) immediately prior to the change in control; (iii) any reduction in their base salaries; or (iv) any material reduction in their fringe benefits.

The phrase “change of control” means, and is deemed to have occurred upon the occurrence of, one or more of the following events; (i) GP LLC ceasing to be the general partner of our general partner; (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Partnership or GP LLC to any person and/or its affiliates, other than to the Partnership or GP LLC, including any employee benefit plan thereof; (iii) the consolidation, reorganization, merger, or any other similar transaction involving (A) a person other than the Partnership or GP LLC and (B) the Partnership, GP LLC or both; (iv) the persons who own membership interests in GP LLC ceasing to beneficially own, directly or indirectly, more than 50% of the membership interests of GP LLC; or (v) any person, including any partnership, limited partnership, syndicate or other group deemed a “person” for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, becoming the beneficial owner, directly or indirectly, of more than 49.9% of the membership interest in GP LLC. With respect to the lattermost event, the grant letter makes an exception for any existing member of GP LLC if the member signs a voting agreement such as that executed by Vulcan in August 2005 (such exception not applying to the November 2005 grants to Messrs. Coiner and vonBerg).

The term “cause” means (i) the failure to perform a job function in accordance with standards described in writing, or (ii) the violation of our general partner’s Code of Business Conduct (unless waived in accordance with the terms thereof), in each case, with the specific failure or violation described in writing.

(6)

Pursuant to their employment agreements with our general partner, if Messrs. Armstrong or Pefanis are terminated other than (i) for cause (as defined in Footnote 1, above), (ii) by reason of death or (iii) by resignation (unless such resignation is due to a disability or for good reason (each as defined in Footnote 1, above)), then they are entitled to continue to participate, for a period which is the lesser of two years from the date of termination or the remaining term of the employment agreement, in such health and accident plans or arrangements as is made available by our general partner to its executive officers generally. The amounts provided in the table assume a termination date of December 29, 2006.

Table of Contents

(7) Pursuant to their employment agreements, Messrs. Armstrong and Pefanis will be reimbursed for any excise tax due under Section 4999 of the Code as a result of compensation (parachute) payments made under their respective employment agreements. The range of values of this benefit assumes that Messrs. Armstrong and Pefanis were terminated in connection with a change in control effective as of December 29, 2006.

Confidentiality, Non-compete and Non-solicitation Arrangements

Pursuant to his employment agreement, Mr. Armstrong has agreed to maintain the confidentiality of company information for a period of five years after the termination of his employment. Mr. Pefanis has agreed to a similar restriction for a period of one year following the termination of his employment. Mr. Coiner has agreed to maintain confidentiality and not to solicit customers or employees for a period of two years after the termination of his employment. Mr. vonBerg has agreed to maintain confidentiality and not to solicit customers for a period of one year following termination of his employment.

Compensation of Directors

The following table sets forth a summary of the compensation we paid to our non-employee directors in 2006:

Director Compensation

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards(1) ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (g)	Total ($) (h)
David N. Capobianco(2)	47,000	101,352	—	—	—	—	148,352
Everardo Goyanes	75,000	204,482	—	—	—	—	279,482
Gary R. Petersen(2)	45,000	101,352	—	—	—	—	146,352
Robert V. Sinnott	45,000	101,352	—	—	—	—	146,352
Arthur L. Smith	62,000	204,482	—	—	—	—	266,482
J. Taft Symonds	60,000	204,483	—	—	—	—	264,483

(1) During the last fiscal year, Messrs. Goyanes, Smith and Symonds were granted 2,500 units and Mr. Sinnott was granted 1,250 units, by virtue of the automatic re-grant of LTIP awards vested during the fiscal year. In addition, each member of the audit committee was awarded 5,000 units, which vest annually in 25% increments; these units are also subject to an automatic re-grant of the amount vested such that in each future fiscal year 1,250 units will simultaneous vest and be re-granted. Upon any vesting (other than the incremental audit committee awards), a cash equivalent payment is made to Vulcan Capital and an affiliate of EnCap as directed by Mr. Capobianco and Mr. Petersen, respectively. Each audit committee member (currently Messrs. Goyanes, Smith and Symonds) has 10,000 units outstanding. Because these awards are subject to an automatic re-grant of units upon any vesting, each audit committee member will always have outstanding an award of 10,000 units. Mr. Sinnott has 5,000 units outstanding, and because this award is subject to an automatic re-grant of units upon any vesting, Mr. Sinnott will always have outstanding an award of 5,000 units. The dollar value of these awards and other awards granted in prior years is presented in the table reflecting the dollar amount of compensation expense recognized by us for 2006. See Note 10 to our Consolidated Financial Statements for a discussion of the assumptions made in determining these amounts.

(2) Mr. Capobianco assigns to Vulcan Capital any compensation attributable to his service as director. Mr. Petersen assigns to EnCap Energy Capital Fund III, L.P. any compensation attributable to his service as director.

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). 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.

Our non-employee directors receive LTIP awards or cash equivalent awards as part of their compensation. The LTIP awards vest annually in 25% increments over a four-year period and have an automatic re-grant feature such that as they vest, an equivalent amount is granted. The three non-employee directors who serve on our audit committee each received a grant of 10,000 units (vesting 2,500 units per year). Mr. Sinnott received a grant of 5,000 units (vesting 1,250 per year). Mr. Petersen and Mr. Capobianco each have assigned all director compensation to an affiliate of the GP LLC member that appointed him as a director. Such affiliates receive an annual cash payment equivalent in value to the annual vesting of Mr. Sinnott's award.

All LTIP awards held by a director 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 awards 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 units.

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, and Director Independence — Our General Partner."

Table of Contents

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 20, 2007.

Name of Beneficial Owner	Common Units	of Common Units(1)
Paul G. Allen	14,386,074 (2)	13.1 %
Vulcan Energy Corporation	12,390,120 (3)	11.3 %
Richard Kayne/Kayne Anderson Capital Advisors, L.P.	9,238,534 (4)	8.4 %
Greg L. Armstrong	253,412 (5)(6)(7)	(8)
Harry N. Pefanis	146,567 (6)(7)	(8)
Phillip D. Kramer	98,370 (6)(7)	(8)
George R. Coiner	58,126 (6)(7)	(8)
John P. vonBerg	— (6)	(8)
David N. Capobianco	— (9)	(8)
Everardo Goyanes	11,200	(8)
Gary R. Petersen	5,200 (10)	(8)
Robert V. Sinnott	16,250 (11)	(8)
Arthur L. Smith	13,350	(8)
J. Taft Symonds	22,500	(8)
All directors and executive officers as a group (15 persons)	811,120 (7)(12)	(8)

(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 14% 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 80.1% 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 1,995,954 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 9,238,534 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 173,444 common units owned by our general partner in connection with its 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, and Director Independence — General Partner's 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 "— Outstanding Equity Awards at Fiscal Year-End."

(7) Includes the following vested, unexercised options to purchase common units under the general partner's Performance Option Plan. Mr. Armstrong: 37,500; Mr. Pefanis: 27,500; Mr. Kramer: 22,500; Mr. Coiner: 21,250; and all directors and executive officers as a group: 126,250.

(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 as 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 common units 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) 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 the 618,896 common units held by E-Holdings III, L.P. and E-Holdings V, L.P. or other affiliates of EnCap Investments L.P. beyond his pecuniary interest. The address for E-Holdings III, L.P. and E-Holdings V, 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 common 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) As of February 23, 2007, no units were pledged by directors or Named Executive Officers. Certain of the directors and Named Executive Officers hold units in a marginable broker's account, but none of the units were margined as of February 23, 2007.

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 80.1% of the outstanding shares of common stock of Vulcan Energy Corporation. Vulcan Energy GP Holdings Inc., a subsidiary of Vulcan Energy Corporation, owns 54.3% of the equity of our general partner. Vulcan Energy Corporation has pledged all of its equity interest in Vulcan Energy GP Holdings Inc. as security for its obligations under the Second Amended and Restated Credit Agreement dated as of August 12, 2005 among Vulcan Energy Corporation, Bank of America, N.A. and the lenders party thereto (the “VEC Credit Agreement”). A default by Vulcan Energy Corporation under the VEC Credit Agreement could result in an indirect change in control 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.

Table of Contents

(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%), Kramer (approximately 9%), Coiner (approximately 9%) 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 76% 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, 2006. For a description of these plans, see Item 13. "Certain Relationships and Related Transactions, and Director Independence — Equity-Based Long-Term Incentive Plans."

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	40,550 (1)	N/A (2)	506,708 (1)(3)
2005 Long Term Incentive Plan	2,195,700 (4)	N/A (2)	804,300 (3)
Equity compensation plans not approved by unitholders:			
1998 Long Term Incentive Plan	— (1)(5)	N/A (2)	— (6)
General Partner's Performance Option Plan	— (7)	$ 11.55 (8)	— (7)
PPX Successor LTIP	—	N/A	999,809 (9)

(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, 2006, 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 387,032 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 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.” Options for approximately 161,500 units are currently outstanding. All are vested, and no units remain available for future grant. See Item 13. “Certain Relationships and Related Transactions, and Director Independence — General Partner’s Performance Option Plan.”

(8) As of December 31, 2006, the strike price for all outstanding options under the general partner’s Performance Option Plan was approximately $11.55 per unit. The strike price decreases as distributions are paid. See Item 13. “Certain Relationships and Related Transactions, and Director Independence — General Partner’s Performance Option Plan.”

(9) In connection with the Pacific merger, under applicable stock exchange rules, we carried over the available units under the Pacific LTIP (applying the conversion ratio of 0.77 PAA units for each Pacific unit). In that regard, we have adopted the Plains All American PPX Successor Long-Term Incentive Plan (the “PPX Successor LTIP”). Potential awards under such plan include options and phantom units (with or without tandem DERs). The provisions of such plan are substantially the same as the 2005 LTIP, except that awards under the PPX Successor LTIP may only be made to employees who were working for Pacific at the time of the merger or to employees hired after the date of the Pacific acquisition.

Certain Relationships and Related Transactions, and Director Independence

For a discussion of director independence, see Item 10 “Directors and Executive Officers of Our General Partner and Corporate Governance.”

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, 2006 were approximately $204.6 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. In connection with the Pacific merger, our general partner agreed to a temporary reduction in the amount of incentive distribution right otherwise payable to it. The aggregate reduction will be $65 million over a five-year period, with a reduction of $20 million, $15 million, $15 million, $10 million and $5 million in years one through five, respectively. The first reduction was made in connection with the distribution paid on February 14, 2007.

The following table illustrates the allocation of aggregate distributions at different per-unit levels, excluding the effect of the incentive distribution reductions:

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	$ 198,000	$ 4,041	$ 202,041	2.0 %
$1.98	$ 217,800	$ 7,535	$ 225,335	3.3 %
$2.70	$ 297,000	$ 33,935	$ 330,935	10.3 %
$3.20	$ 352,000	$ 88,935	$ 440,935	20.2 %
$3.50	$ 385,000	$ 121,935	$ 506,935	24.1 %
$3.75	$ 412,500	$ 149,435	$ 561,935	26.6 %
$4.00	$ 440,000	$ 176,935	$ 616,935	28.7 %

(1) In thousands.

(2) Assumes 110,000,000 units outstanding. Actual number of units outstanding as of December 31, 2006 was 109,405,178. 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.

Equity-Based Long-Term Incentive Plans

Our general partner has adopted the Plains All American GP LLC 1998 Long-Term Incentive Plan (the “1998 LTIP”) and the Plains All American GP LLC 2005 Long-Term Incentive Plan (the “2005 LTIP” and, together with the 1998 LTIP, the “Plans”) for employees and directors of our general partner and its affiliates who perform services for us. Awards contemplated by the Plans include phantom units (referred to as restricted units in the 1998 LTIP), distribution equivalent rights (DERs) and unit options. As amended, the 1998 LTIP authorizes the grant of awards covering an aggregate of 1,425,000 common units deliverable upon vesting or exercise (as applicable) of such awards. The 2005 LTIP authorizes the grant of awards covering an aggregate of 3,000,000 common units deliverable upon vesting or exercise (as applicable) of such awards. Our general partner’s board of directors has the right to alter or amend the Plans 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).

As of December 31, 2006, giving effect to vested grants, grants of approximately 40,550 and 2,195,700 unvested phantom units remain outstanding under the 1998 LTIP and 2005 LTIP, respectively, and approximately 893,740 and 804,300 remain available for future grant, respectively. In addition, the PPX Successor LTIP has available 999,809 units that were adopted from the Pacific LTIP. These units can be used only in awards to former Pacific employees or employees hired after the date of the Pacific acquisition. The compensation committee or board of directors may, in the future, make additional grants under the Plans to employees and directors containing such terms as the compensation committee or board of directors shall determine, including 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.

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.

Unit Options. Although the Plans currently permit the grant of options covering common units, no options have been granted under the Plans 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.

General Partner's Performance Option Plan

In 2001, certain owners of the general partner 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. As of December 31, 2006, 171,000 options remain outstanding under the plan, all of which are fully vested. No units remain available for future grant. 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, 2006, the exercise price was approximately $11.55 per unit. 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.

Transactions with Related Persons

Vulcan Energy

As of December 31, 2006, Vulcan Energy and its affiliates owned approximately 54% of our general partner interest, as well as approximately 11.3% 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 material 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 provides administrative services to Vulcan Energy for consideration of an annual fee, plus certain expenses. Effective October 1, 2006, the annual fee for providing these services was increased to $1.0 million. The Services Agreement extends through October 2008, 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 $45.1 million to Calumet in 2006. Calumet may request from time to time that we provide fixed pricing or a range of pricing for a portion of its production. When we offer such an arrangement, we protect our position by placing hedges on equivalent amounts, and charge Calumet a fee of $0.20 per barrel. No such arrangements were in place during 2006.

Other

In addition to those relationships described above, we have engaged in other transactions with affiliates of Vulcan Energy. See “— Equity Offerings” and “— Investment in Natural Gas Storage Joint Venture.”

Equity Offerings

In December 2006, we sold 6,163,960 common units, approximately 10% and 10% of which were sold to investment funds affiliated with KACALP and Encap Investments, L.P., respectively. In July and August 2006, we sold a total of 3,720,930 common units, approximately 12.5% and 18.7% of which were sold to investment funds affiliated with KACALP and Vulcan Capital, respectively. In addition, in March and April 2006, we sold 3,504,672 common units, approximately 20% of which were sold to investment funds affiliated with KACALP. KAFU Holdings, L.P., which owns 20.3% of our general partner and has a representative on our board of directors, is managed by KACALP. Vulcan Capital, the investment arm of Paul G. Allen, and its subsidiaries own approximately 54% of our general partner interest and has a representative on our board of directors. Affiliates of EnCap own approximately 11.1% of our general partner and have a representative on our board of directors.

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). 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.

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, 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 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 $25.4 million was outstanding under this credit facility as of February 20, 2007. We currently have no direct or contingent obligations under the Bluewater credit facility.

PAA/Vulcan is developing a natural gas storage facility through its wholly owned subsidiary, Pine Prairie Energy Center, LLC ("Pine Prairie"). Proper functioning of the Pine Prairie storage caverns will require a minimum operating inventory contained in the caverns at all times (referred to as "base gas"). During the first quarter of 2006, we arranged to provide the base gas for the storage facility to Pine Prairie at a price not to exceed $8.50 per million cubic feet. In conjunction with this arrangement, we executed hedges on the NYMEX for the relevant delivery periods of 2007, 2008 and 2009. We received a fee of approximately $1 million for our services to own and manage the hedge positions and to deliver the natural gas.

We and Vulcan Gas Storage are both required to make capital contributions in equal proportions to fund equity requests associated with certain projects specified in the joint venture agreement. For certain other specified projects, Vulcan Gas Storage has the right, but not the obligation, to participate for up to 50% of such equity requests. In some cases, Vulcan Gas Storage's obligation is subject to a maximum amount, beyond which Vulcan Gas Storage's participation is optional. For any other capital expenditures, or capital expenditures with respect to which Vulcan Gas Storage's participation is optional, if Vulcan Gas Storage elects not to participate, we have the right to make additional capital contributions to fund 100% of the project until our interest in PAA/Vulcan equals 70%. Such contributions would increase our interest in PAA/Vulcan and dilute Vulcan Gas Storage's interest. Once PAA's ownership interest is 70% or more, Vulcan Gas Storage would have the right, but not the obligation, to make future 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

Thomas Coiner, an employee in our marketing department, is the son of George R. Coiner, Senior Group Vice President. In 2006, Thomas Coiner received compensation in excess of $120,000.

Review, Approval or Ratification of Transactions with Related Persons

Pursuant to our Governance Guidelines, a director is expected to bring to the attention of the CEO or the board any conflict or potential conflict of interest that may arise between the director or any affiliate of the director, on the one hand, and the Partnership or GP LLC on the other. The resolution of any such conflict or potential conflict should, at the discretion of the board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between the Partnership and GP LLC, the resolution of any such conflict or potential conflict should be addressed by the board in accordance with the provisions of the Partnership Agreement. At the discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by a "conflicts committee" meeting the definitional requirements for such a committee under the Partnership Agreement. Such resolution may include resolution of any derivative conflicts created by an executive officer's ownership of interests in GP LLC or a director's appointment by an owner of GP LLC.

Pursuant to our Code of Business Conduct, any Executive Officer must avoid conflicts of interest unless approved by the board of directors.

In the case of any sale of equity in which an owner or affiliate of an owner of our general partner participates, our practice is to obtain general approval of the full board for the transaction. The board typically delegates authority to set the specific terms to a pricing committee, consisting of the CEO and one independent director. Actions by the pricing committee require unanimous approval.

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

Table of Contents

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,	
	2006	2005
Audit fees(1)	$ 2.4	$ 2.2
Audit-related fees(2)	0.3	0.1
Tax fees(3)	1.6	0.5
All other fees(4)	0.9	0.3
Total	$ 5.2	$ 3.1

(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 and includes incremental activity assumed with the issuance of Forms K-1 for former Pacific unitholders.

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