PLAINS ALL AMERICAN PIPELINE, L.P. • 500 DALLAS STREET • SUITE 700 • HOUSTON, TEXAS 77002-4802 • www.paalp.com

AN INTERVIEW WITH PLAINS ALL AMERICAN PIPELINE, L.P.
MANAGING ASSETS FOR PEAK PERFORMANCE
ANNUAL REPORT 2000

CORPORATE PROFILE

Plains All American Pipeline, L.P. ("PAA"), a master limited partnership, was formed in September 1998 to acquire and operate the midstream crude oil business and assets of Plains Resources Inc. Plains Resources holds an effective 54 percent ownership in PAA through Plains All American Inc., a wholly owned subsidiary that serves as our General Partner.

At year-end 2000, PAA was transporting, terminalling, gathering and marketing an aggregate of approximately 600,000 barrels of crude oil per day, making it one of the largest operators of its kind in the United States. Its operations are concentrated in California, Texas, Oklahoma, Louisiana, Mississippi, Alabama, Illinois, North Dakota and the Gulf of Mexico. In March 2001, PAA expanded into Canada by agreeing to acquire a pipeline system that transports approximately 200,000 barrels of crude and condensate per day and approximately 1.1 million barrels of crude oil storage and terminalling capacity. PAA's principal storage facility is a state-of-the-art, 3.1 million barrel facility at Cushing, Oklahoma, the largest crude oil trading hub in the United States and the designated delivery point for NYMEX crude oil futures contracts.

Principal assets include: • Approximately 3,000 miles of crude oil pipeline and gathering lines located principally in oil rich regions of California, West Texas and the United States Gulf Coast • 26 terminalling and storage facilities, with 9.7 million barrels of storage capacity, located along owned pipelines and in trading hubs of Cushing, OK and Midland, TX • 301 crude oil transportation trucks and 318 trailers

Plains All American Pipeline, L.P.'s common units are traded on the New York Stock Exchange under the symbol PAA. The Partnership is headquartered in Houston, Texas.

2000 FINANCIAL HIGHLIGHTS

(in thousands, except per unit information)	2000	1999	1998[1]
SELECTED FINANCIAL DATA:			
Revenues	$ 6,641,187	$ 10,910,423	$ 3,517,271
Gross margin[2]	134,683	110,314	38,480
Net income (loss)[3]	77,502	(103,360)	6,034
Earnings before interest, taxes, depreciation and amortization[4]	103,048	89,074	33,767
Cash flow from operations (net income before noncash items)[4]	73,883	67,218	23,312
Cash flow from operations after estimated maintenance capital expenditures[3]	72,098	65,477	21,604
Total assets	885,801	1,223,037	607,186
Total debt	321,300	482,819	184,750
Partners' capital	213,999	192,973	270,543
Per unit information:			
Net income (loss)	$ 2.64	$ (3.16)	N/A
Cash distributions	1.84	1.84	0.19[5]
Weighted average number of limited partner units outstanding	34,386	31,633	30,089
OPERATING HIGHLIGHTS:			
Average daily volumes (barrels)			
Pipeline activities	240	218	163
Lease gathering	262	265	88
Bulk purchases	28	138	98
Terminal throughput	67	83	80
Storage leased to third parties (average barrels per month)	1,657	1,975	1,150

(1) Represents total Partnership results for the period from inception (November 23, 1998) through December 31, 1998, and the results of our predecessor from January 1, 1998, through November 22, 1998.
(2) Excludes unauthorized trading losses and related litigation charges of $7.0 million, $166.4 million and $7.1 million for the years ended December 31, 2000, 1999 and 1998, respectively.
(3) Includes the unauthorized trading losses and related litigation expenses discussed in Note 2.
(4) Excludes the unauthorized trading losses and nonrecurring or unusual gains and losses.
(5) Represents a partial quarterly distribution for the period from November 23, 1998, the date of the Partnership's initial public offering, to December 31, 1998.

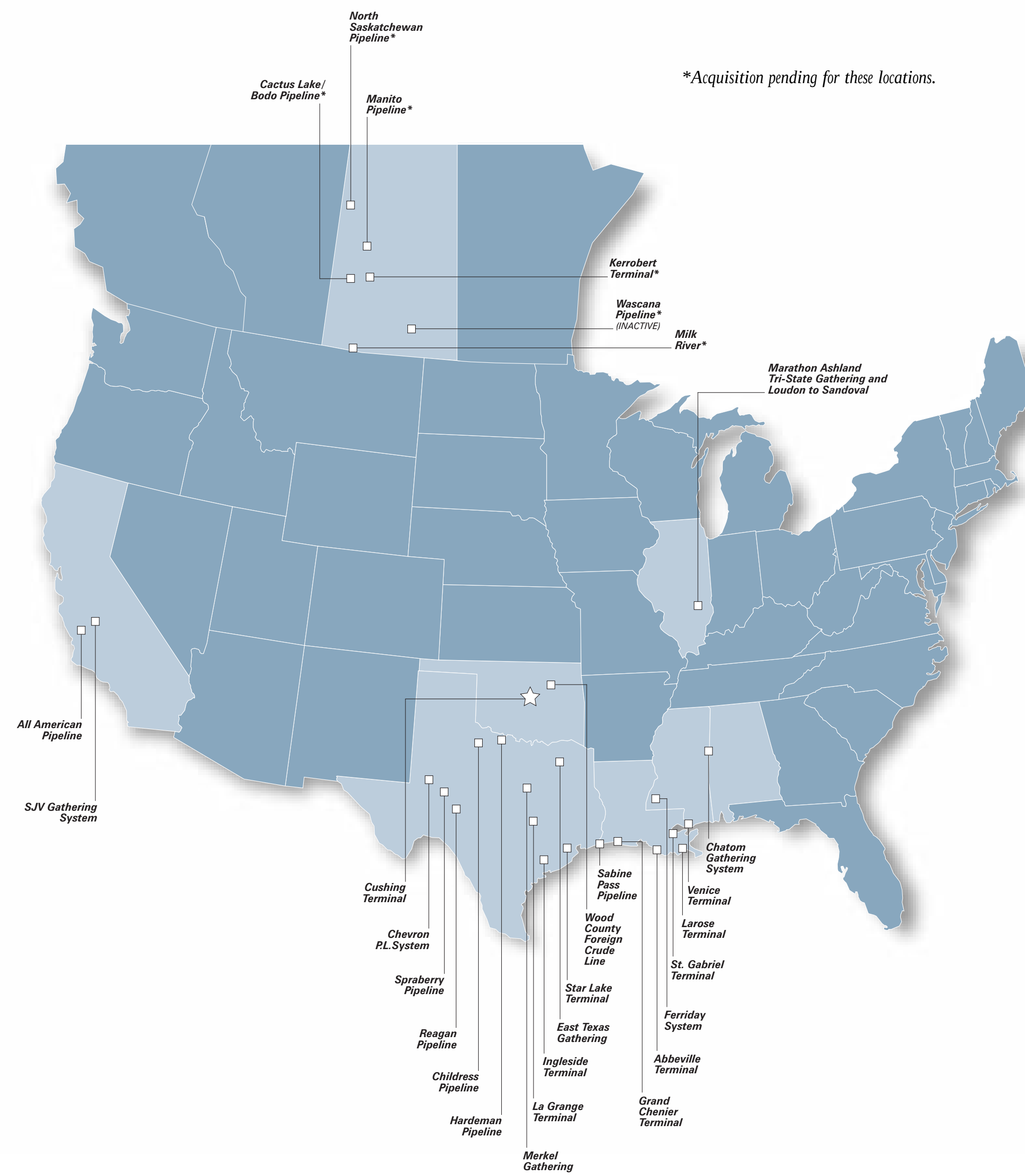
DEAR UNITHOLDER,

As Plains All American Pipeline enters 2001, we see unprecedented opportunity ahead for the Partnership. In 2000, we successfully addressed numerous operating and financial challenges and achieved strong operating results. The quality of our balance sheet, level of cash flow and value of our assets are all at a record high. Additionally, we believe the opportunities to complete highly attractive, strategic and accretive acquisitions are excellent at this time.

Some of our most notable accomplishments in 2000 included:

- *Generating a strong improvement in operating results, highlighted by a 22 percent increase in operating gross margin over 1999.*
- *Reducing Plains All American's total debt by $162 million through the sale of noncore assets.*
- *Restructuring Plains All American's bank facilities, which enabled the Partnership to end the year with the highest level of liquidity in our history and well-positioned to make accretive acquisitions.*
- *Completing the implementation of enhanced risk management controls and procedures.*
- *Resolving significant uncertainties stemming from securities litigation.*
- *Establishing a Canadian presence by opening an office in Calgary, which ultimately has translated into an acquisition that should close in the first half of 2001.*

In 2001, we are focused on capitalizing on our new position in Canada, evaluating additional strategic acquisitions in both Canada and the U.S. and seizing opportunities to benefit from the supply and demand imbalances and logistics challenges that exist in our markets. Below we have set forth and answered a number of questions in hopes that you will better understand our operating and business strategies. If we didn't answer all of your questions, please feel free to contact us via our website at www.paalp.com.

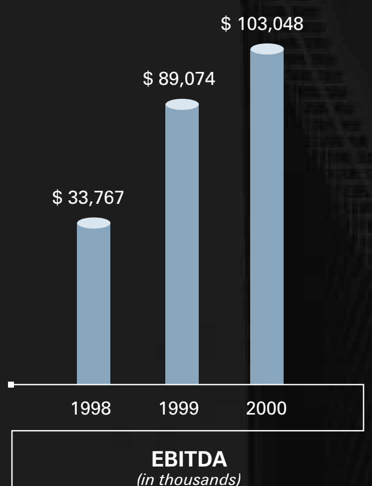


Q. ***The Partnership's minimum quarterly distribution ("MQD") is $0.45 per unit, but the Partnership is currently distributing $0.4625 per unit. What is the Partnership's policy regarding distributions?***

A.

Our primary objective is to increase our distributable cash flow and distributions to our unitholders. In the year 2000, excluding unusual gains and losses, we generated a quarterly average of approximately $0.50 per unit in distributable cash flow, resulting in a coverage ratio of the limited partner distribution of 1.08x. Over the long-term, management believes that a coverage ratio of at least 1.03x to 1.05x is appropriate for the long-term health and financial flexibility of the Partnership.

OUR MIDSTREAM OPERATING STRATEGY IS TO CAPITALIZE ON CRUDE OIL SUPPLY AND DEMAND IMBALANCES BY COMBINING THE STRATEGIC TRANSPORTATION AND TERMINALLING ASSETS WITH OUR MARKETING AND DISTRIBUTION EXPERTISE.



What is the partnership's outlook for future distribution increases? Based on management's outlook for base operations, we expect to continue to generate around $0.50 per unit in quarterly distributable cash flow in 2001. Therefore, the Partnership has incremental capacity to raise the distribution regardless of future acquisition activity. In addition, subject to the successful closing of the Partnership's pending acquisition of Murphy Oil Company Ltd.'s Canadian midstream crude oil operations, management anticipates that it will recommend to the Board of Directors an annual distribution increase in the range of $0.05 to $0.10 per unit.

What are the principal opportunity drivers for the midstream crude oil business? The principal driver is geographic dislocation of supply and demand and diversity of supply required by refiners. The United States is the world's largest oil consuming nation, but is only capable of producing about 40 percent of its demand domestically. As a result, the U.S. is currently importing approximately nine million barrels per day of foreign crude oil and this level is expected to increase. Most importantly, the Midwest part of the U.S. is the most highly populated, land-locked region of the country where refineries require almost 3.4 million barrels per day of crude oil but regional production can only supply 500,000 barrels of oil per day. As a result, every single day approximately 2.9 million barrels of crude oil must be moved into the Midwest by pipeline, truck or barge.

How is PAA positioned competitively to address the opportunities in the U.S. Midwest? Very well. Because of the huge need for crude oil in the U.S. Midwest, a very substantial portion of the crude oil pipeline infrastructure in the U.S. has been modified to move crude oil from the outer regions of the U.S. to the Midwest. A significant portion of the incremental volumes flow through Cushing, Oklahoma, where Plains All American is the largest independent provider of terminalling and storage services and the third largest overall provider including major oil companies. In addition, we have the ability to expand our facility somewhat easily to meet growing demand as foreign imports continue to increase.

The Partnership recently announced the acquisition of Murphy Oil Company Ltd.'s Canadian midstream crude oil operations. If the demand for crude oil is in the U.S. Midwest, why is the Partnership entering the Canadian market? Our expansion into Canada represents a strategic and economic complement to our existing infrastructure. We believe that the two most likely routes for increased movements of foreign crude oil into

The counter-cyclical nature of our terminalling and storage activities and our gathering and marketing activities, combined with the long-term nature of our pipeline contracts, have a stabilizing effect on our cash flow from operations. Plus with today's attractive oil prices, the prolific producing regions in which we are strategically located are experiencing higher drilling activity and increased demand to transport, gather and store crude oil.

We possess specialized crude oil market knowledge as a result of our business relationships with participants in all phases of the crude oil distribution chain, from crude oil producers to refiners, as well as our own industry expertise providing us with a comprehensive understanding of the U.S. crude oil markets.

the Midwest region of the U.S. are (i) via pipeline from Cushing, Oklahoma, in the South and (ii) via pipeline from Canada in the North. Canada currently exports approximately 1.2 million barrels of crude oil per day to the U.S., most of which is delivered to the U.S. Midwest. As a result of (a) additional drilling on Canada's vast conventional resource base and (b) the continuing development of oil sands projects, production in Canada is projected to increase by as much as 800,000 barrels per day over the next five years, with a substantial portion of the incremental production expected to be directed to the Midwest U.S. We believe that by combining the strategic position of our world-class Cushing Terminal facility to the South with a complementary infrastructure in Canada to the North, we will be well-positioned to meet the needs of our customers in the Midwest and enable our unitholders to profit from these activities. It is our intent to duplicate in Canada the same type of operations and infrastructure that we have successfully established in the U.S.

How will you fund the Murphy acquisition? We have agreed to purchase substantially all of Murphy Oil Company Ltd.'s crude oil pipeline, gathering, storage and terminalling assets for US $155 million cash. Initial financing needs for the Murphy acquisition will be sourced through our existing bank facility. In order to accommodate this acquisition and another potential Canadian acquisition that is subject to a letter of intent, we have entered into agreements with our existing lenders, comprised of both U.S. and Canadian banks, to expand the Partnership's existing $700 million revolving credit, letter of credit and inventory facility to $830 million.

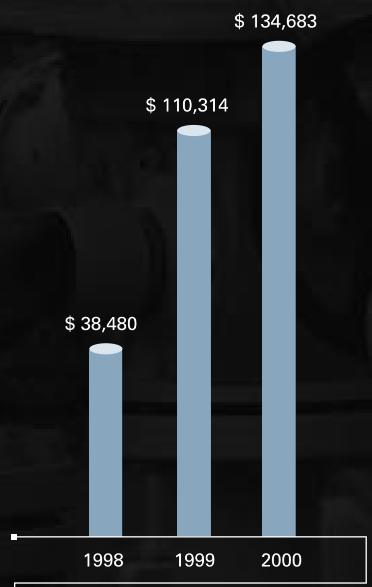
Have you established a target credit profile for the Partnership? Absolutely. Since the Partnership's inception in 1998, management has consistently communicated to the financial community its intention to maintain a strong credit profile consistent with its strategic goal of achieving an investment grade credit rating. We have established an objective of maintaining a general credit profile having a debt-to-total capitalization ratio of 60 percent or less, a debt-to-EBITDA ratio of roughly 3.5x or less and an EBITDA-to-interest coverage ratio of 3.3x or better. At December 31, 2000, the Partnership was within its targeted credit profile. Following the closing of the Murphy acquisition, we expect to have a debt-to-EBITDA ratio of approximately 3.9x. In order to maintain a healthy, balanced capital structure and stay on course to maintain an investment grade credit profile, we will evaluate the public and private long-term debt markets as a means to term-out maturities and lock-in an attractive fixed interest rate on large portion of our debt and restore maximum flexibility and available bank capacity for future acquisitions.

What are the most important factors that influence a partnership's ability to grow? We believe that in order to expand its business through organic growth and accretive acquisitions, a partnership must have (i) access to attractive growth opportunities, (ii) access to reasonably priced capital and (iii) the ability to enhance the cash flow levels of acquired assets in order to improve the transaction economics and absorb unforeseen cash flow disruptions.

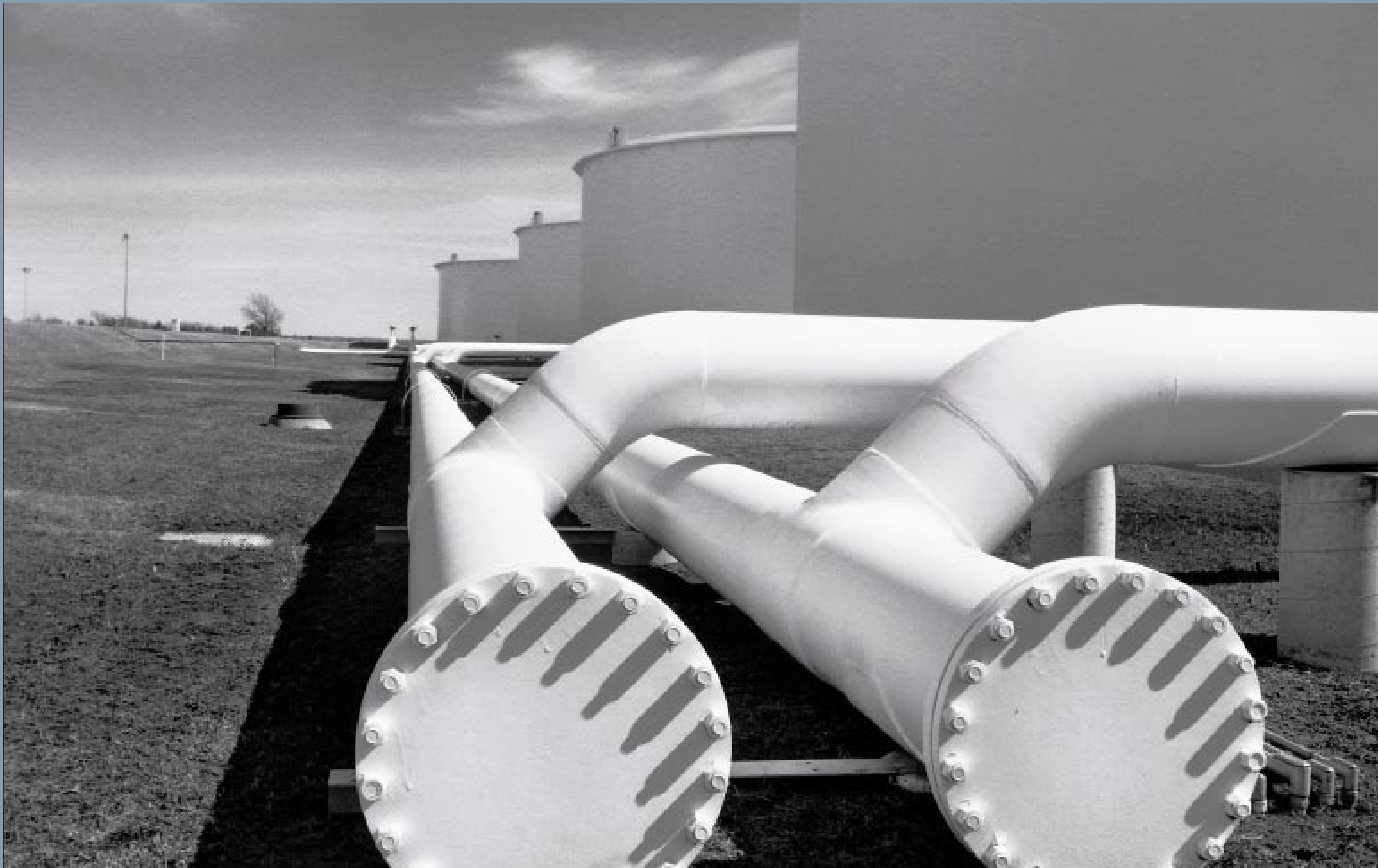
How is the Partnership positioned relative to these important growth factors? We are one of the largest crude oil-focused midstream companies in the United States, handling over 600,000 barrels per day of crude oil. Our Cushing Terminal facility, combined with our specialized market knowledge, provides a significant competitive advantage that enables us to access a wider range of acquisition opportunities. The counter-cyclical balance provided by our terminalling and storage assets allow us to enhance the cash flow potential of the assets we acquire. As a successful master limited partnership ("MLP"), we also have (i) access to attractively priced equity capital and (ii) a strong balance sheet with substantial financial flexibility. In summary, we feel that we are well-positioned to continue to aggressively execute our growth strategy.

What are your plans for future acquisitions? We believe the current market for acquisitions is very attractive. The consolidation experienced by the major oil companies over the last several years has set the stage for a massive divestiture of midstream assets, particularly crude oil assets. On the independent front, we believe there will be opportunities to take advantage of our competitors when they are weakened by poor market conditions due to their lack of counter-cyclical balance. In addition, our recent expansion into Canada has opened up a new avenue of potential consolidation activity for us. The Canadian midstream crude oil market is fragmented and offers excellent acquisition potential. In addition to the Murphy acquisition, we have also agreed to acquire a Canadian gathering and marketing company that will complement the Murphy assets. This second transaction is approximately 25 percent of the size of the Murphy acquisition and will enable us to generate some near-term synergies through commercializing the assets, as well as cost savings thereby enabling us to drive down the relationship of purchase price-to-EBITDA to even more attractive levels.

DURING 2000, <u>WE EXPANDED OUR MARGINS</u> BY PHASING OUT LOWER MARGIN LEASE GATHERING VOLUMES AND CAPITALIZING ON FAVORABLE MARKET CONDITIONS.



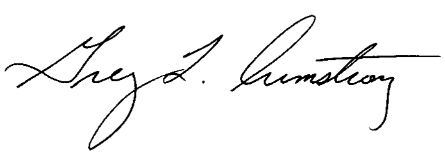
GROSS MARGINS
(in thousands)



Our Cushing Terminal is strategically located, operationally flexible and readily expandable. The Cushing Terminal is the most modern terminalling and storage facility at the Cushing Interchange, the largest crude oil trading hub in the United States and the designated delivery point for NYMEX crude oil futures contracts. It incorporates state-of-the-art enhancements designed to safely and efficiently terminal, store, blend and segregate large volumes and multiple varieties of crude oil. The Cushing Terminal interconnects with the Cushing Interchange's major inbound and outbound pipelines, providing access to both foreign and domestic crude oil.

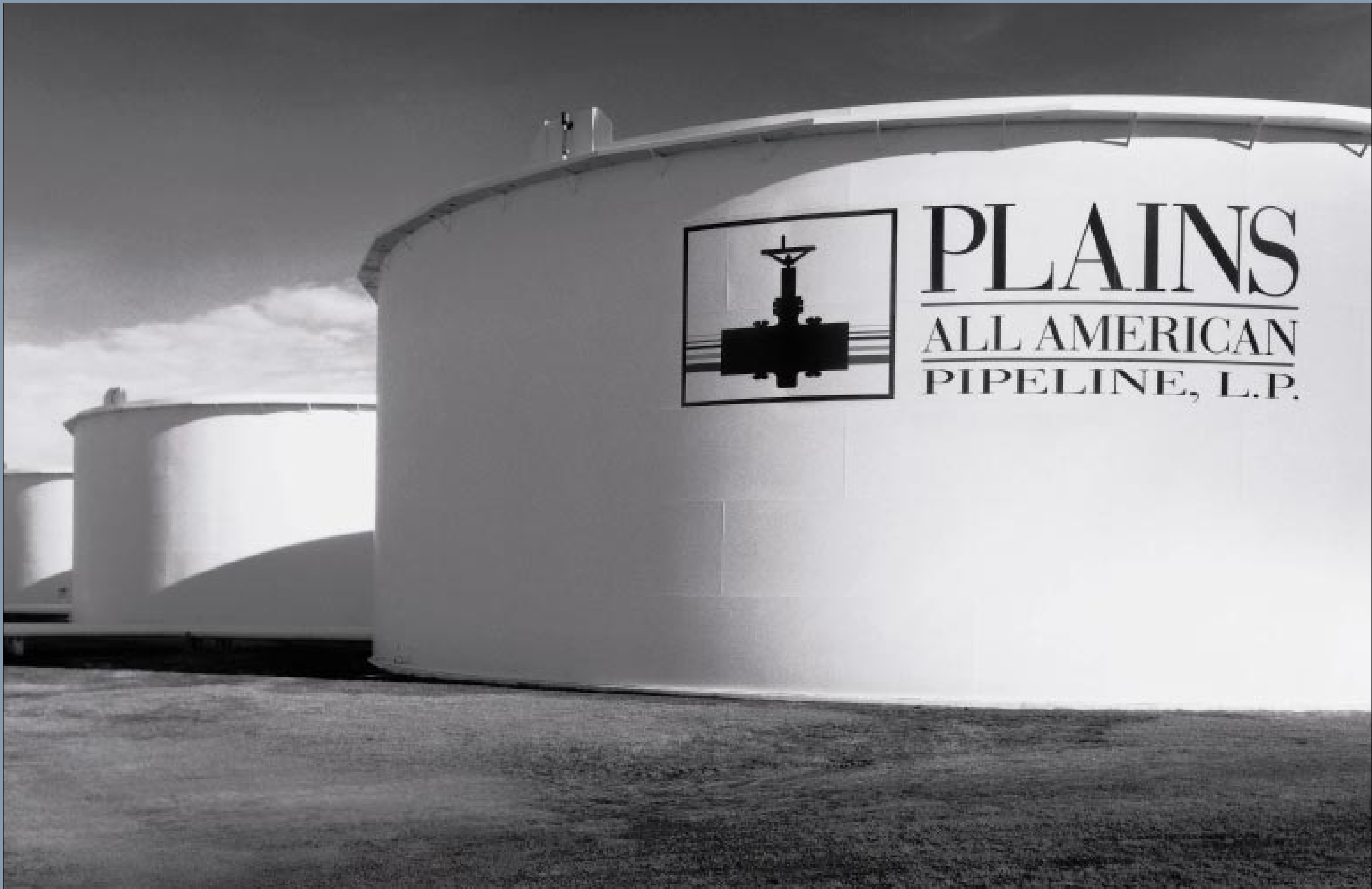
How are your cash flows affected by volatility in crude oil prices? We believe the counter-cyclical nature of our terminalling and storage activities and our gathering and marketing activities, combined with the long-term nature of our pipeline transportation contracts, have a stabilizing effect on our cash flow from operations. We undertake several different business activities in each of our major business segments. These business activities are divided into those that typically prosper in strong crude oil markets and those that typically prosper in weak crude oil markets. As changes occur in the absolute price of crude oil, and the relative shape of the forward price curve, the various up and down performances from each of these business activities generally offset one another. It is this counter-cyclical balance that serves to stabilize our cash flow from operations.

Are there any issues remaining related to the November 1999 unauthorized trading losses? We believe we have successfully eliminated all meaningful issues related to the trading losses. We have restructured our bank facilities and removed all restrictions that were imposed by the trading losses. We have implemented a comprehensive system of enhanced risk management controls, including the installation of a dedicated risk manager position. We have resolved the securities litigation that was brought against the Partnership. We have also reached an agreement in principal to settle, subject to the approval of Delaware court, the outstanding derivative suit brought against the officers and directors on behalf of the Partnership. Today, we are proud to report that we have a lower debt level, a higher cash flow level and more liquidity than we did before the trading losses occurred. In addition, much to the delight of our unitholders, the price of our common units has recovered fully, trading near its all-time high, and the outlook for future distribution increases, the primary driver for unit valuation, is positive.



GREG L. ARMSTRONG
Chairman and
Chief Executive Officer

Our trucking operation provides added flexibility to find source crude oil from various locations and place it in our pipeline and gathering systems allowing us to better control volume levels, which thereby expands margins and provides competitive advantages.



Plains All American Pipeline, L.P. concluded 2000 financially strong following a year of record results, with a refinanced capital structure providing high liquidity, a regained level of confidence from the industry and financial community, and well-positioned to capitalize on attractive and strategic acquisition opportunities.

DIRECTORS OF THE GENERAL PARTNER
Plains All American Inc.

GREG L. ARMSTRONG
Chairman of the Board and Chief Executive Officer
Plains All American Inc.
Houston, Texas
President, Chief Executive Officer and Director
Plains Resources Inc.
Houston, Texas

EVERARDO GOYANES
President and Chief Executive Officer
Liberty Energy Holdings
Boston, Massachusetts

ROBERT V. SINNOTT
Vice President
Kayne Anderson Investment Management, Inc.
Los Angeles, California
Director
Plains Resources Inc.
Houston, Texas
Director
Glacier Water Services, Inc.
Carlsbad, California

ARTHUR L. SMITH
Chairman
John S. Herold, Inc.
Houston, Texas
Director
Cabot Oil & Gas Corporation
Houston, Texas
Director
Evergreen Resources, Inc.
Denver, Colorado

OFFICERS OF THE GENERAL PARTNER
Plains All American Inc.

GREG L. ARMSTRONG
Chairman of the Board,
Chief Executive Officer and Director

HARRY N. PEFANIS
President, Chief Operating Officer and Director

PHILLIP D. KRAMER
Executive Vice President and
Chief Financial Officer

GEORGE COINER
Senior Vice President

ALFRED A. LINDSETH
Vice President – Administration

TIM MOORE
Vice President, General Counsel and Secretary

MARK F. SHIRES
Vice President – Operations

CYNTHIA A. FEEBACK
Vice President – Accounting and Treasurer

UNITHOLDER INFORMATION
The common units, excluding the Class B common units, are listed and traded on the New York Stock Exchange under the symbol “PAA”. The number of recordholders and beneficial owners (held in street name) of the common units as of March 22, 2001, were approximately 14,378.

The following table sets forth the high and low sales prices for the common units as reported on the New York Stock Exchange Composite Tape for the periods indicated:

	High	Low
2000		
1st Quarter	$ 16.56	$ 13.00
2nd Quarter	18.63	15.25
3rd Quarter	19.75	18.00
4th Quarter	20.06	18.00
1999		
1st Quarter	$ 19.00	$ 15.88
2nd Quarter	19.94	16.31
3rd Quarter	20.00	17.38
4th Quarter	20.25	9.63

TRANSFER AGENT
American Stock Transfer & Trust
40 Wall Street
New York, New York 10005-2392

FORM 10-K
A copy of the Partnership’s annual report on Form 10-K to the Securities and Exchange Commission for the year ended December 31, 2000, is available free of charge on request to:

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