

PLAINS ALL AMERICAN PIPELINE LP  
Form S-1  
October 14, 2004

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[INDEX TO FINANCIAL STATEMENTS](#)

As filed with the Securities and Exchange Commission on October 14, 2004

Registration No. 333-

---

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM S-1**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

---

**PLAINS ALL AMERICAN PIPELINE, L.P.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**4610**  
*(Primary Standard Industrial  
Classification Code Number)*

**76-0582150**  
*(I.R.S. Employer  
Identification Number)*

---

**333 Clay Street, Suite 1600  
Houston, Texas 77002  
(713) 646-4100**  
*(Address, Including Zip Code, and Telephone Number, including  
Area Code, of Registrant's Principal Executive Offices)*

**Tim Moore**  
**Vice President and General Counsel**  
**333 Clay Street, Suite 1600**  
**Houston, Texas 77002**  
**(713) 646-4100**  
*(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)*

---

*Copies to:*  
**David P. Oelman**  
**Vinson & Elkins L.L.P.**  
**1001 Fannin Street, Suite 2300**  
**Houston, Texas 77002**  
**(713) 758-2222**

---

## Edgar Filing: PLAINS ALL AMERICAN PIPELINE LP - Form S-1

**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

### CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount to be Registered <sup>(1)</sup>	Proposed Maximum Offering Price Per Unit <sup>(2)</sup>	Proposed Maximum Aggregate Offering Price <sup>(1)(2)</sup>	Amount of Registration Fee
Common Units representing limited partner interests <sup>(1)</sup>	3,245,700 units	\$36.40	\$118,143,480 <sup>(2)</sup>	\$14,969 <sup>(2)</sup>

(1) Includes the resale of 3,245,700 common units issuable upon the conversion of Class C common units into common units.

(2) Estimated solely for the purpose of determining the registration fee on the basis of the average high and low prices of the common units on the New York Stock Exchange on October 11, 2004.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, Dated October , 2004**

**PROSPECTUS**

**3,245,700 Common Units**

**Plains All American Pipeline, L.P.**

**Representing Limited Partner Interests**

---

Up to 3,245,700 of our common units may be offered from time to time by the selling unitholders named in this prospectus. The selling unitholders may sell the common units at various times and in various types of transactions, including sales in the open market, sales in negotiated transactions and sales by a combination of methods. We will not receive any proceeds from the sale of common units by the selling unitholders.

Our common units are listed on the New York Stock Exchange under the symbol "PAA."

---

**Limited partnerships are inherently different from corporations. You should carefully consider each of the factors described under "Risk Factors" which begins on page 2 of this prospectus before you make an investment in the securities.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

---

In connection with certain sales of securities hereunder, a prospectus supplement may accompany this prospectus.

The date of this prospectus is October , 2004

---

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

WHO WE ARE

General

Business Strategy

RISK FACTORS

Risks Related to Our Business

Risks Inherent in an Investment in Plains All American Pipeline

Tax Risks to Common Unitholders

USE OF PROCEEDS

PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

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

Introduction

Executive Summary

Acquisitions

Critical Accounting Policies and Estimates

Recent Accounting Pronouncements

Change in Accounting Principle

Results of Operations

Outlook

Liquidity and Capital Resources

Off-Balance Sheet Arrangements

Quantitative and Qualitative Disclosures About Market Risks

BUSINESS

General

Business Strategy

Financial Strategy

Competitive Strengths

Recent Developments

Organizational History

Partnership Structure and Management

Acquisitions and Dispositions

Description of Segments and Associated Assets

Customers

Competition

Regulation

Environmental, Health and Safety Regulation

Operational Hazards and Insurance

Title to Properties and Rights-of-Way

Employees

Litigation

Unauthorized Trading Loss

MANAGEMENT

Partnership Management and Governance

Directors and Executive Officers

Executive Compensation

Edgar Filing: PLAINS ALL AMERICAN PIPELINE LP - Form S-1

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

1998 Long-Term Incentive Plan

Other Equity Grants

Compensation of Directors

Reimbursement of Expenses of Our General Partner and its Affiliates

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDERS' MATTERS

Beneficial Ownership of Limited Partner Units

Beneficial Ownership of General Partner Interest

Equity Compensation Plan Information

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our General Partner

Transactions with Related Parties

DESCRIPTION OF OUR COMMON UNITS

Meetings/Voting

Status as Limited Partner or Assignee

Limited Liability

Reports and Records

Class B Common Units

Class C Common Units

CASH DISTRIBUTION POLICY

Distributions of Available Cash

Operating Surplus and Capital Surplus

Incentive Distribution Rights

Effect of Issuance of Additional Units

Quarterly Distributions of Available Cash

Distributions From Operating Surplus

Incentive Distribution Rights

Distributions from Capital Surplus

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

Distribution of Cash Upon Liquidation

DESCRIPTION OF OUR PARTNERSHIP AGREEMENT

Purpose

Power of Attorney

Reimbursements of Our General Partner

Issuance of Additional Securities

Amendments to Our Partnership Agreement

Withdrawal or Removal of Our General Partner

Liquidation and Distribution of Proceeds

Change of Management Provisions

Limited Call Right

Indemnification

Registration Rights

TAX CONSIDERATIONS

Partnership Status

Limited Partner Status

Tax Consequences of Unit Ownership

Tax Treatment of Operations

Disposition of Common Units

Uniformity of Units

Tax-Exempt Organizations and Other Investors

Administrative Matters

State, Local and Other Tax Considerations

SELLING UNITHOLDERS

PLAN OF DISTRIBUTION

VALIDITY OF THE COMMON UNITS

EXPERTS

WHERE YOU CAN FIND MORE INFORMATION

FORWARD-LOOKING STATEMENTS

INDEX TO FINANCIAL STATEMENTS

## **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a "shelf" registration process. Under this shelf process, the selling unitholders may sell up to 3,245,700 of our common units. In connection with certain sales of securities hereunder, a prospectus supplement may accompany this prospectus. The prospectus supplement may also add, update or change information contained in this prospectus. Therefore, before you invest in our securities, you should read this prospectus and any attached prospectus supplements.

In this registration statement, the terms "we," "our," "ours," and "us" refer to Plains All American Pipeline, L.P. and its subsidiaries, unless otherwise indicated or the context requires otherwise.

## WHO WE ARE

### General

We are a publicly traded Delaware limited partnership engaged in interstate and intrastate crude oil transportation, and crude oil gathering, marketing, terminalling and storage, as well as the marketing and storage of liquefied petroleum gas and other petroleum products. We refer to liquefied petroleum gas and other petroleum products collectively as "LPG." We have an extensive network of pipeline transportation, storage and gathering assets in key oil producing basins and at major market hubs in the United States and Canada. Several members of our existing management team founded this midstream crude oil business in 1992, and we completed our initial public offering in 1998.

We have operations in the United States and Canada, which can be categorized into two primary business activities: crude oil pipeline transportation operations and gathering, marketing, terminalling and storage operations.

### Business Strategy

Our principal business strategy is to capitalize on the regional crude oil supply and demand imbalances that exist in the United States and Canada by combining the strategic location and distinctive capabilities of our transportation and terminalling assets with our extensive marketing and distribution expertise to generate sustainable earnings and cash flow.

We intend to execute our business strategy by:

increasing and optimizing throughput on our existing pipeline and gathering assets and realizing cost efficiencies through operational improvements;

utilizing and expanding our Cushing Terminal and our other assets to service the needs of refiners and to profit from merchant activities that take advantage of crude oil pricing and quality differentials;

selectively pursuing strategic and accretive acquisitions of crude oil transportation assets, including pipelines, gathering systems, terminalling and storage facilities and other assets that complement our existing asset base and distribution capabilities;

optimizing and expanding our Canadian operations and our presence in the Gulf Coast and Gulf of Mexico to take advantage of anticipated increases in the volume and qualities of crude oil produced in these areas; and

prudently and economically leveraging our asset base, knowledge base and skill sets to participate in energy businesses that are closely related to, or significantly intertwined with the crude oil business.

To a lesser degree, we also engage in a similar business strategy with respect to the wholesale marketing and storage of LPG, which we began as a result of an acquisition in mid-2001.

## RISK FACTORS

You should carefully consider the following risk factors together with all of the other information included in this prospectus in evaluating an investment in us. If any of the following risks were actually to occur, our business, financial condition or results of operations could be materially adversely affected.

### Risks Related to Our Business

*The level of our profitability is dependent upon an adequate supply of crude oil from fields located offshore and onshore California. Production from these offshore fields has experienced substantial production declines since 1995.*

A significant portion of our segment profit is derived from pipeline transportation margins associated with the Santa Ynez and Point Arguello fields located offshore California. We expect that there will continue to be natural production declines from each of these fields as the underlying reservoirs are depleted. We estimate that a 5,000 barrel per day decline in volumes shipped from these fields would result in a decrease in annual pipeline segment profit of approximately \$3.1 million. In addition, any production disruption from these fields due to production problems, transportation problems or other reasons would have a material adverse effect on our business.

*Our trading policies cannot eliminate all price risks. In addition, any non-compliance with our trading policies could result in significant financial losses.*

Generally, it is our policy that as we purchase crude oil we establish a margin by selling crude oil for physical delivery to third party users, such as independent refiners or major oil companies, or by entering into a future delivery obligation under futures contracts on the NYMEX and over-the-counter. Through these transactions, we seek to maintain a position that is substantially balanced between purchases, on the one hand, and sales or future delivery obligations, on the other hand. Our policy is generally not to acquire and hold crude oil, futures contracts or derivative products for the purpose of speculating on price changes. This policy cannot, however, eliminate all price risks. For example, we engage in a controlled trading program for up to an aggregate of 500,000 barrels of crude oil. While this activity is monitored independently by our risk management function, it exposes us to price risks within predefined limits and authorizations. In addition, any event that disrupts our anticipated physical supply of crude oil could expose us to risk of loss resulting from price changes. Moreover, we are exposed to some risks that are not hedged, including certain basis risks and price risks on certain of our inventory, such as pipeline linefill, which must be maintained in order to transport crude oil on our pipelines.

In addition, our trading operations involve the risk of non-compliance with our trading policies. For example, we discovered in November 1999 that our trading policy was violated by one of our former employees, which resulted in aggregate losses of approximately \$181.0 million. We have taken steps within our organization to enhance our processes and procedures to detect future unauthorized trading. We cannot assure you, however, that these steps will detect and prevent all violations of our trading policies and procedures, particularly if deception or other intentional misconduct is involved.

*If we do not make acquisitions on economically acceptable terms our future growth may be limited.*

Our ability to grow and to increase distributions to unitholders is substantially dependent on our ability to make acquisitions that result in an increase in adjusted operating surplus per unit. If we are unable to make such accretive acquisitions either because (i) we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with them, (ii) we are unable to raise financing for such acquisitions on economically acceptable terms or (iii) we are outbid by competitors, our future growth and ability to raise distributions will be limited. In particular, competition for midstream assets and businesses has intensified substantially and as a result such assets and businesses

have become more costly. As a result, we may not be able to complete the number or size of acquisitions that we have targeted internally or to continue to grow as quickly as we have historically.

***Our acquisition strategy requires access to new capital. Tightened credit markets or other factors which increase our cost of capital could impair our ability to grow.***

Our business strategy is substantially dependent on acquiring additional assets or operations that will allow us to increase distributions to unitholders. We continuously consider and enter into discussions regarding potential acquisitions. These transactions can be effected quickly, may occur at any time and may be significant in size relative to our existing assets and operations. Any material acquisition will require access to capital. Any limitations on our access to capital or increase in the cost of that capital could significantly impair our ability to execute our acquisition strategy. Our ability to maintain our targeted credit profile, including maintaining our credit ratings, could impact our cost of capital as well as our ability to execute our acquisition strategy.

***Our acquisition strategy involves risks that may adversely affect our business.***

Any acquisition involves potential risks, including:

a significant increase in our indebtedness and working capital requirements;

the inability to timely and effectively integrate the operations of recently acquired businesses or assets;

the incurrence of substantial unforeseen environmental and other liabilities arising out of the acquired businesses or assets, including liabilities arising from the operation of the acquired businesses or assets prior to our acquisition;

customer or key employee loss from the acquired businesses; and

the diversion of management's attention from other business concerns.

Any of these factors could adversely affect our ability to achieve anticipated levels of cash flows from our acquisitions, realize other anticipated benefits and our ability to make distributions to you.

***The nature of our assets and business could expose us to significant environmental compliance costs and liabilities.***

Our operations involving the storage, treatment, processing, and transportation of liquid hydrocarbons including crude oil and are subject to stringent federal, state, and local laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of the environment. Compliance with these laws and regulations increases our overall cost of business, including our capital costs to construct, maintain and upgrade equipment and facilities. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, the imposition of investigatory and remedial liabilities, and even the issuance of injunctions that may restrict or prohibit our operations. Environmental laws and regulations are subject to change, and we cannot provide any assurance that compliance with current and future laws and regulations will not have a material affect on our results of operations or earnings. A discharge of hazardous liquids into the environment could, to the extent such event is not insured, subject us to substantial expense, including both the cost to comply with applicable laws and regulations and any claims made by neighboring landowners and other third parties for personal injury and property damage.

***The profitability of our pipeline operations depends on the volume of crude oil shipped by third parties.***

Third party shippers generally do not have long-term contractual commitments to ship crude oil on our pipelines. A decision by a shipper to substantially reduce or cease to ship volumes of crude oil on our pipelines could cause a significant decline in our revenues. For example, we estimate that an

average 10,000 barrel per day variance in the Basin Pipeline System, equivalent to an approximate 4% volume variance on that pipeline system, would change annualized segment profit by approximately \$1.0 million.

***The success of our business strategy to increase and optimize throughput on our pipeline and gathering assets is dependent upon our securing additional supplies of crude oil.***

Our operating results are dependent upon securing additional supplies of crude oil from increased production by oil companies and aggressive lease gathering efforts. The ability of producers to increase production is dependent on the prevailing market price of oil, the exploration and production budgets of the major and independent oil companies, the depletion rate of existing reservoirs, the success of new wells drilled, environmental concerns, regulatory initiatives and other matters beyond our control. There can be no assurance that production of crude oil will rise to sufficient levels to cause an increase in the throughput on our pipeline and gathering assets.

***Our operations are dependent upon demand for crude oil by refiners in the Midwest and on the Gulf Coast. Any decrease in this demand could adversely affect our business.***

Demand for crude oil is dependent upon the impact of future economic conditions, fuel conservation measures, alternative fuel requirements, governmental regulation or technological advances in fuel economy and energy generation devices, all of which could reduce demand. Demand also depends on the ability and willingness of shippers having access to our transportation assets to satisfy their demand by deliveries through those assets, and any decrease in this demand could adversely affect our business.

***We face intense competition in our terminalling and storage activities and gathering and marketing activities.***

Our competitors include other crude oil pipelines, the major integrated oil companies, their marketing affiliates, and independent gatherers, brokers and marketers of widely varying sizes, financial resources and experience. Some of these competitors have capital resources many times greater than ours and control greater supplies of crude oil. We estimate that a \$0.01 per barrel variance in the aggregate average segment profit would have an approximate \$2.5 million annual effect on segment profit.

***The profitability of our gathering and marketing activities is generally dependent on the volumes of crude oil we purchase and gather.***

To maintain the volumes of crude oil we purchase, we must continue to contract for new supplies of crude oil to offset volumes lost because of natural declines in crude oil production from depleting wells or volumes lost to competitors. Replacement of lost volumes of crude oil is particularly difficult in an environment where production is low and competition to gather available production is intense. Generally, because producers experience inconveniences in switching crude oil purchasers, such as delays in receipt of proceeds while awaiting the preparation of new division orders, producers typically do not change purchasers on the basis of minor variations in price. Thus, we may experience difficulty acquiring crude oil at the wellhead in areas where there are existing relationships between producers and other gatherers and purchasers of crude oil. We estimate that a 5,000 barrel per day decrease in barrels gathered by us would have an approximate \$1.0 million per year negative impact on segment profit. This impact is based on a reasonable margin throughout various market conditions. Actual margins vary based on the location of the crude oil, the strength or weakness of the market and the grade or quality of crude oil.

***We are exposed to the credit risk of our customers in the ordinary course of our gathering and marketing activities.***

There can be no assurance that we have adequately assessed the credit-worthiness of our existing or future counter-parties or that there will not be an unanticipated deterioration in their credit worthiness, which could have an adverse impact on us.

In those cases where we provide division order services for crude oil purchased at the wellhead, we may be responsible for distribution of proceeds to all parties. In other cases, we pay all of or a portion of the production proceeds to an operator who distributes these proceeds to the various interest owners. These arrangements expose us to operator credit risk, and there can be no assurance that we will not experience losses in dealings with other parties.

***Our pipeline assets are subject to federal, state and provincial regulation.***

Our domestic interstate common carrier pipelines are subject to regulation by the Federal Energy Regulatory Commission (FERC) under the Interstate Commerce Act. The Interstate Commerce Act requires that tariff rates for petroleum pipelines be just and reasonable and non-discriminatory. Our intrastate pipeline transportation activities are subject to various state laws and regulations as well as orders of regulatory bodies.

Our Canadian pipeline assets are subject to regulation by the National Energy Board and by provincial agencies. With respect to a pipeline over which it has jurisdiction, each of these Canadian agencies has the power to determine the rates we are allowed to charge for transportation on such pipeline. The extent to which regulatory agencies can override existing transportation contracts has not been fully decided.

***Our pipeline systems are dependent upon their interconnections with other crude oil pipelines to reach end markets.***

Reduced throughput on these interconnecting pipelines as a result of testing, line repair, reduced operating pressures or other causes could result in reduced throughput on our pipeline systems that would adversely affect our profitability.

***Fluctuations in demand can negatively affect our operating results.***

Fluctuations in demand for crude oil, such as caused by refinery downtime or shutdown, can have a negative effect on our operating results. Specifically, reduced demand in an area serviced by our transmission systems will negatively affect the throughput on such systems. Although the negative impact may be mitigated or overcome by our ability to capture differentials created by demand fluctuations, this ability is dependent on location and grade of crude oil, and thus is unpredictable.

***The terms of our indebtedness may limit our ability to borrow additional funds or capitalize on business opportunities.***

As of June 30, 2004, pro forma for the third quarter equity and debt offerings, our total outstanding long-term debt was approximately \$797.1 million. Various limitations in our indebtedness may reduce our ability to incur additional debt, to engage in some transactions and to capitalize on business opportunities. Any subsequent refinancing of our current indebtedness or any new indebtedness could have similar or greater restrictions.

***Changes in currency exchange rates and foreign currency restrictions and shortages could adversely affect our operating results.***

Because we conduct operations in Canada, we are exposed to currency fluctuations and exchange rate risks that may adversely affect our results of operations. In addition, legal restrictions or shortages in currencies outside the U.S. may prevent us from converting sufficient local currency to enable us to

comply with our currency placement obligations not denominated in local currency or to meet our operating needs and debt service requirements.

*Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to entity-level taxation by states. If the IRS treats us as a corporation or we become subject to entity-level taxation for state tax purposes, it would substantially reduce our ability to make distributions to you.*

If we were classified as a corporation for federal income tax purposes, we would pay federal income tax on our income at the corporate rate. Treatment of us as a corporation would cause a material reduction in our anticipated cash flow, which would materially and adversely affect our ability to make distributions to you.

In addition, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. Imposition of such forms of taxation would reduce our cash flow.

*We will be required to comply with Section 404 of the Sarbanes-Oxley Act for the first time.*

The Sarbanes-Oxley Act of 2002 has imposed many new requirements on public companies regarding corporate governance and financial reporting. Among these is the requirement under Section 404 of the Act, beginning with our 2004 Annual Report, for management to report on our internal control over financial reporting and for our independent public accountants to attest to management's report. During 2003, we commenced actions to enhance our ability to comply with these requirements, including but not limited to the addition of staffing in our internal audit department, documentation of existing controls and implementation of new controls or modification of existing controls as deemed appropriate. We have continued to devote substantial time and resources to the documentation and testing of our controls, and to planning for and implementation of remedial efforts in those instances where remediation is indicated. At this point, we have no indication that management will be unable to favorably report on our internal controls nor that our independent auditors will be unable to attest to management's findings. Both we and our auditors, however, must complete the process (which we have never completed before), so we cannot assure you of the results. It is unclear what impact failure to comply fully with Section 404 or the discovery of a material weakness in our internal control over financial reporting would have on us, but presumably it could result in the reduced ability to obtain financing, the loss of customers, and additional expenditures to meet the requirements.

#### **Risks Inherent in an Investment in Plains All American Pipeline**

*Cost reimbursements due to our general partner may be substantial and will reduce our cash available for distribution to you.*

Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates, including officers and directors of the general partner, for all expenses incurred on our behalf. The reimbursement of expenses and the payment of fees could adversely affect our ability to make distributions. The general partner has sole discretion to determine the amount of these expenses. In addition, our general partner and its affiliates may provide us services for which we will be charged reasonable fees as determined by the general partner.

*You may not be able to remove our general partner even if you wish to do so.*

Our general partner manages and operates Plains All American Pipeline. Unlike the holders of common stock in a corporation, you will have only limited voting rights on matters affecting our business. You will have no right to elect the general partner or the directors of the general partner on an annual or other continuing basis. Because the owners of our general partner own more than

one-third of our outstanding units, these owners have the practical ability to prevent the removal of our general partner.

In addition, the following provisions of our partnership agreement may discourage a person or group from attempting to remove our general partner or otherwise change our management:

if the holders, including the general partner and its affiliates, of at least 66<sup>2</sup>/<sub>3</sub>% of the units vote to remove the general partner without cause, existing arrearages on the common units will be extinguished and the common units will no longer be entitled to arrearages if we fail to pay the minimum quarterly distribution in any quarter. Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as our general partner.

generally, if a person acquires 20% or more of any class of units then outstanding other than from our general partner or its affiliates, the units owned by such person cannot be voted on any matter; and

limitations upon the ability of unitholders to call meetings or to acquire information about our operations, as well as other limitations upon the unitholders' ability to influence the manner or direction of management.

As a result of these provisions, the price at which the common units will trade may be lower because of the absence or reduction of a takeover premium in the trading price.

***We may issue additional common units without your approval, which would dilute your existing ownership interests.***

Our general partner may cause us to issue an unlimited number of common units, without your approval. The issuance of additional common units or other equity securities of equal or senior rank will have the following effects:

your proportionate ownership interest in Plains All American Pipeline will decrease;

the amount of cash available for distribution on each unit may decrease;

the relative voting strength of each previously outstanding unit may be diminished; and

the market price of the common units may decline.

We may also issue at any time an unlimited number of equity securities ranking junior to the common units without the approval of the unitholders.

***Our general partner has a limited call right that may require you to sell your units at an undesirable time or price.***

If at any time our general partner and its affiliates own 80% or more of the common units, the general partner will have the right, but not the obligation, which it may assign to any of its affiliates, to acquire all, but not less than all, of the remaining common units held by unaffiliated persons at a price generally equal to the then current market price of the common units. As a result, you may be required to sell your common units at a time when you may not desire to sell them or at a price that is less than the price you would like to receive. You may also incur a tax liability upon a sale of your common units.

***You may not have limited liability if a court finds that unitholder actions constitute control of our business.***

Under Delaware law, you could be held liable for our obligations to the same extent as a general partner if a court determined that the right of unitholders to remove our general partner or to take other action under our partnership agreement constituted participation in the "control" of our business.

Our general partner generally has unlimited liability for our obligations, such as our debts and environmental liabilities, except for those contractual obligations that are expressly made without recourse to our general partner.

In addition, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution.

***Conflicts of interest could arise among our general partner and us or the unitholders.***

These conflicts may include the following:

we do not have any employees and we rely solely on employees of the general partner and its affiliates;

under our partnership agreement, we reimburse the general partner for the costs of managing and for operating the partnership;

the amount of cash expenditures, borrowings and reserves in any quarter may affect available cash to pay quarterly distributions to unitholders;

the general partner tries to avoid being liable for partnership obligations. The general partner is permitted to protect its assets in this manner by our partnership agreement. Under our partnership agreement the general partner would not breach its fiduciary duty by avoiding liability for partnership obligations even if we can obtain more favorable terms without limiting the general partner's liability;

under our partnership agreement, the general partner may pay its affiliates for any services rendered on terms fair and reasonable to us. The general partner may also enter into additional contracts with any of its affiliates on behalf of us. Agreements or contracts between us and our general partner (and its affiliates) are not the result of arms length negotiations; and

the general partner would not breach our partnership agreement by exercising its call rights to purchase limited partnership interests or by assigning its call rights to one of its affiliates or to us.

**Tax Risks to Common Unitholders**

You should read "Tax Considerations" for a more complete discussion of the following expected material federal income tax consequences of owning and disposing of common units.

***The IRS could treat us as a corporation for tax purposes, which would substantially reduce the cash available for distribution to you.***

The anticipated after-tax benefit of an investment in the common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other matter affecting us.

If we were classified as a corporation for federal income tax purposes, we would pay federal income tax on our income at the corporate tax rate, which is currently a maximum of 35%. Distributions to you would generally be taxed again to you as corporate distributions, and no income, gains, losses, deductions or credits would flow through to you. Because a tax would be imposed upon



us as a corporation, the cash available for distribution to you would be substantially reduced. Treatment of us as a corporation would result in a material reduction in the after-tax return to the unitholders, likely causing a substantial reduction in the value of the common units.

Current law may change so as to cause us to be taxed as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. In addition, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, the cash available for distribution to you would be reduced. Our partnership agreement provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, then the minimum quarterly distribution and the target distribution levels will be decreased to reflect that impact on us.

***A successful IRS contest of the federal income tax positions we take may adversely impact the market for common units.***

We have not requested a ruling from the IRS with respect to any matter affecting us. The IRS may adopt positions that differ from the conclusions of our counsel expressed in this registration statement or from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain our counsel's conclusions or the positions we take. A court may not concur with our counsel's conclusions or the positions we take. Any contest with the IRS may materially and adversely impact the market for common units and the price at which they trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will be borne by us and directly or indirectly by the unitholders and the general partner.

***You may be required to pay taxes even if you do not receive any cash distributions.***

You will be required to pay federal income taxes and, in some cases, state and local income taxes on your share of our taxable income even if you do not receive any cash distributions from us. You may not receive cash distributions from us equal to your share of our taxable income or even equal to the actual tax liability that results from your share of our taxable income.

***Tax gain or loss on disposition of common units could be different than expected.***

If you sell your common units, you will recognize gain or loss equal to the difference between the amount realized and your tax basis in those common units. Prior distributions in excess of the total net taxable income you were allocated for a common unit, which decreased your tax basis in that common unit, will, in effect, become taxable income to you if the common unit is sold at a price greater than your tax basis in that common unit, even if the price you receive is less than your original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income to you. Should the IRS successfully contest some positions we take, you could recognize more gain on the sale of units than would be the case under those positions, without the benefit of decreased income in prior years. Also, if you sell your units, you may incur a tax liability in excess of the amount of cash you receive from the sale.

***If you are a tax-exempt entity, a regulated investment company or an individual not residing in the United States, you may have adverse tax consequences from owning common units.***

Investment in common units by tax-exempt entities, regulated investment companies or mutual funds and foreign persons raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and will be taxable to them. Very little of our income will be qualifying income to a regulated investment company or mutual fund. Distributions to foreign persons will be reduced by withholding taxes at the highest effective U.S.

federal income tax rate for individuals, and foreign persons will be required to file federal income tax returns and pay tax on their share of our taxable income.

***We are registered as a tax shelter. This may increase the risk of an IRS audit of us or a unitholder.***

We are registered with the IRS as a "tax shelter." Our tax shelter registration number is 99061000009. The IRS requires that some types of entities, including some partnerships, register as "tax shelters" in response to the perception that they claim tax benefits that the IRS may believe to be unwarranted. As a result, we may be audited by the IRS and tax adjustments could be made. Any unitholder owning less than a 1% profits interest in us has very limited rights to participate in the income tax audit process. Further, any adjustments in our tax returns will lead to adjustments in the unitholders' tax returns and may lead to audits of unitholders' tax returns and adjustments of items unrelated to us. You will bear the cost of any expense incurred in connection with an examination of your personal tax return.

Recently issued Treasury Regulations require taxpayers to report certain information on Internal Revenue Service Form 8886 if they participate in a "reportable transaction." Unitholders may be required to file this form with the IRS if we participate in a "reportable transaction." A transaction may be a reportable transaction based upon any of several factors. Unitholders are urged to consult with their own tax advisor concerning the application of any of these factors to their investment in our common units. Congress is considering legislative proposals that, if enacted, would impose significant penalties for failure to comply with these disclosure requirements. The Treasury Regulations also impose obligations on "material advisors" that organize, manage or sell interests in registered "tax shelters." As stated above, we have registered as a tax shelter, and, thus, one of our material advisors will be required to maintain a list with specific information, including unitholder names and tax identification numbers, and to furnish this information to the IRS upon request. Unitholders are urged to consult with their own tax advisor concerning any possible disclosure obligation with respect to their investment and should be aware that we and our material advisors intend to comply with the list and disclosure requirements.

***We treat a purchaser of units as having the same tax benefits without regard to the units purchased. The IRS may challenge this treatment, which could adversely affect the value of the units.***

Because we cannot match transferors and transferees of common units, we have adopted depreciation and amortization positions that do not conform with all aspects of the Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from your sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to your tax returns. Please read "Tax Considerations - Uniformity of Units" in this prospectus for further discussion of the effect of the depreciation and amortization positions we have adopted.

***You will likely be subject to foreign, state and local taxes in jurisdictions where you do not live as a result of an investment in units.***

In addition to federal income taxes, you will likely be subject to other taxes, including foreign taxes, state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property and in which you do not reside. We own property and conduct business in Canada and in most states in the United States. You may be required to file Canadian federal income tax returns and to pay Canadian federal and provincial income taxes and to file state and local income tax returns and pay state and local income taxes in many or all of the jurisdictions in which we do business or own property. Further, you may be subject to penalties for failure to comply with those requirements. It is your responsibility to file all federal, state, local and foreign tax returns. Our counsel has not rendered an opinion on the foreign, state or local tax consequences of an investment in the common units.

**USE OF PROCEEDS**

We will not receive any proceeds from the sale of common units by the selling unitholders.

**PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS**

As of September 30, 2004, there were 62,740,218 common units outstanding, held by approximately 340 holders of record, including common units held in street name. The common units are traded on the New York Stock Exchange under the symbol "PAA." An additional 1,307,190 Class B common units and 3,245,700 Class C common units were outstanding as of such date. The Class B common units are held by an affiliate of Plains Holdings Inc. and the Class C common units are held by six holders of record. The Class B common units and the Class C common units are *pari passu* with and have economic terms substantially similar to the common units but are not publicly traded. Holders of the Class B common units and the Class C common units have the right to demand a meeting of limited partners to vote on whether the Class B common units and Class C common units may be converted at the option of the holders into an equal number of common units. We anticipate that notice of the exercise of such right will be given on October 15, 2004.

The following table sets forth, for the periods indicated, the high and low sales prices for the common units, as reported on the New York Stock Exchange Composite Transactions Tape, and quarterly cash distributions declared per common unit. The last reported sale price of common units on the New York Stock Exchange on October 11, 2004 was \$36.41 per common unit.

	Price Range		Cash Distributions per Unit <sup>(1)</sup>
	High	Low	
<b>2002</b>			
First Quarter	\$ 26.79	\$ 23.60	\$ 0.5250
Second Quarter	27.30	24.60	0.5375
Third Quarter	26.38	19.54	0.5375
Fourth Quarter	24.44	22.04	0.5375
<b>2003</b>			
First Quarter	\$ 26.90	\$ 24.20	\$ 0.5500
Second Quarter	31.48	24.65	0.5500
Third Quarter	32.49	29.10	0.5500
Fourth Quarter	32.82	29.76	0.5625
<b>2004</b>			
First Quarter	\$ 35.23	\$ 31.18	\$ 0.5625
Second Quarter	36.13	27.25	0.5775
Third Quarter	35.98	31.63	(2)
Fourth Quarter (through October 11, 2004)	36.99	35.76	(2)

(1) Represents cash distributions attributable to the quarter and paid within 45 days after the quarter.

(2) The distributions attributable to the third and fourth quarters of 2004 have not yet been declared or paid.

## SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

We have derived the historical financial information and operating data below from our audited consolidated financial statements as of and for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 and from our unaudited financial statements as of and for the six months ended June 30, 2004 and 2003. The selected financial data should be read in conjunction with the consolidated financial statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(in millions except per unit data)							
<b>Statement of operations data:</b>							
Revenues	\$ 8,936.4	\$ 5,991.1	\$ 12,589.8	\$ 8,384.2	\$ 6,868.2	\$ 6,641.2	\$ 10,910.4
Cost of sales and field operations (excluding LTIP charge)	8,782.2	5,878.2	12,366.6	8,209.9	6,720.9	6,506.5	10,800.1
Unauthorized trading losses and related expenses						7.0	166.4
Inventory valuation adjustment					5.0		
LTIP charge operation <sup>(4)</sup>	0.5		5.7				
General and administrative expenses (excluding LTIP charge)	35.1	25.2	50.0	45.7	46.6	40.8	23.2
LTIP charge general and administrative <sup>(1)</sup>	3.7		23.1				
Depreciation and amortization	29.1	22.2	46.8	34.0	24.3	24.5	17.3
Restructuring expense							1.4
<b>Total costs and expenses</b>	<b>8,850.6</b>	<b>5,925.6</b>	<b>12,492.3</b>	<b>8,289.6</b>	<b>6,796.8</b>	<b>6,578.8</b>	<b>11,008.4</b>
Gain on sale of assets			0.6		1.0	48.2	16.4
Operating income	85.7	65.4	98.2	94.6	72.4	110.6	(81.6)
Interest expense	(19.5)	(17.7)	(35.2)	(29.1)	(29.1)	(28.7)	(21.1)
Interest income and other, net <sup>(2)</sup>	0.5		(3.6)	(0.2)	0.4	(4.4)	(0.6)
<b>Income (loss) from continuing operations before cumulative effect of change in accounting principle<sup>(12)</sup></b>	<b>\$ 66.7</b>	<b>\$ 47.7</b>	<b>\$ 59.4</b>	<b>\$ 65.3</b>	<b>\$ 43.7</b>	<b>\$ 77.5</b>	<b>\$ (103.4)</b>
<b>Basic net income (loss) per limited partner unit before cumulative effect of change in accounting principle<sup>(2)(12)</sup></b>	<b>\$ 1.03</b>	<b>\$ 0.87</b>	<b>\$ 1.01</b>	<b>\$ 1.34</b>	<b>\$ 1.12</b>	<b>\$ 2.13</b>	<b>\$ (3.21)</b>
<b>Diluted net income (loss) per limited partner unit before cumulative effect of change in accounting principle<sup>(2)(12)</sup></b>	<b>\$ 1.03</b>	<b>\$ 0.87</b>	<b>\$ 1.00</b>				