PLAINS ALL AMERICAN PIPELINE LP
Form 424B3
October 12, 2005
Prospectus

Plains All American Pipeline, L.P.
PAA Finance Corp.

Offer to Exchange up to
$150,000,000 of 5.25% Senior Notes due 2015

for

$150,000,000 of 5.25% Senior Notes due 2015
that have been Registered under the Securities Act of 1933

Terms of the Exchange Offer

- We are offering to exchange up to $150,000,000 of our outstanding 5.25% Senior Notes due 2015 for new notes with substantially identical terms that have been registered under the Securities Act and are freely tradable.

- We will exchange for an equal principal amount of new notes all outstanding notes that you validly tender and do not validly withdraw before the exchange offer expires.

- The exchange offer expires at 5:00 p.m., New York City time, on November 16, 2005, unless extended. We do not currently intend to extend the exchange offer.

- Tenders of outstanding notes may be withdrawn at any time prior to the expiration of the exchange offer.

- The exchange of outstanding notes for new notes will not be a taxable event for U.S. federal income tax purposes.

Terms of the 5.25% Senior Notes Offered in the Exchange Offer

Maturity

- The notes will mature on June 15, 2015.

Interest

- Interest on the notes is payable on June 15 and December 15 of each year, beginning December 15, 2005.

- Interest will accrue from May 27, 2005.

Redemption

- We may redeem the notes, in whole or in part, at any time at a price equal to 100% of the principal amount of the notes to be redeemed plus a make-whole premium described in this prospectus, plus accrued and unpaid interest, if any, to the redemption date.

Ranking

- The notes are unsecured. The notes rank equally in right of payment with all of our other existing and future senior unsecured debt and senior in right of payment to all of our future subordinated debt.

Please read Risk Factors on page 8 for a discussion of factors you should consider before participating in the exchange offer.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 11, 2005.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus, or the documents incorporated by reference into this prospectus, is accurate as of any date other than the date on the front cover of this prospectus or the date of such document, as the case may be.

Each broker-dealer that receives the notes for its own account pursuant to this exchange offer must acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker dealer in connection with resales of the notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed to make this prospectus available for a period of one year from the expiration date of this exchange offer to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

TABLE OF CONTENTS

PROSPECTUS SUMMARY

This summary may not contain all the information that may be important to you. You should read this entire prospectus and the documents we have incorporated into this prospectus by reference before making an investment decision. You should carefully consider the information set forth under Risk Factors. In addition, certain statements include forward-looking information which involves risks and uncertainties. Please read Forward-Looking Statements. References to the notes in this prospectus include both the outstanding notes and the new notes.

Plains All American Pipeline, L.P.

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 natural gas related petroleum products. We refer to liquefied petroleum gas and natural gas related 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. Our operations can be categorized into two primary business activities: crude oil pipeline transportation operations and gathering, marketing, terminalling and storage operations.

Our executive offices are located at 333 Clay Street, Suite 1600, Houston, Texas 77002 and our telephone number is (713) 646-4100.

The Exchange Offer

On May 27, 2005, we completed a private offering of the outstanding notes. We entered into a registration rights agreement with the initial purchaser in the private offering in which we agreed to deliver to you this prospectus and to use our reasonable best efforts to consummate the exchange offer within 240 days after the date we issued the outstanding notes.

Exchange Offer	We are offering to exchange new notes for outstanding notes.
Expiration Date	The exchange offer will expire at 5:00 p.m. New York City time, on November 16, 2005, unless we decide to extend it.
Condition to the Exchange Offer	The registration rights agreement does not require us to accept outstanding notes for exchange if the exchange offer or the making of any exchange by a holder of the outstanding notes would violate any applicable law or interpretation of the staff of the SEC. A minimum aggregate principal amount of outstanding notes being tendered is not a condition to the exchange offer.
Procedures for Tendering Outstanding Notes	To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company, which we call DTC, for tendering notes held in book-entry form. These procedures, which we call ATOP, require that (i) the exchange agent receive, prior to the expiration date of the exchange offer, a computer generated message known as an agent s message that is transmitted through DTC s automated tender offer program, and (ii) DTC confirms that: and • DTC has received your instructions to exchange your notes, • you agree to be bound by the terms of the letter of transmittal.

	For more information on tendering your outstanding notes, please refer to the sections in this prospectus entitled Exchange Offer Terms of the Exchange Offer and Procedures for Tendering.
Guaranteed Delivery Procedures	None.
Withdrawal of Tenders	You may withdraw your tender of outstanding notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m. New York City time on the expiration date of the exchange offer. Please read Exchange Offer Withdrawal of Tenders.
Acceptance of Outstanding Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of outstanding notes, we will accept any and all outstanding notes that you properly tender in the exchange offer on or before 5:00 p.m. New York City time on the expiration date. We will return to you, without expense as promptly as practicable after the expiration date, any outstanding note that we do not accept for exchange. We will deliver the new notes as promptly as practicable after the expiration date and acceptance of the outstanding notes for exchange. Please refer to the section in this prospectus entitled Exchange Offer Terms of the Exchange Offer.
Fees and Expenses	We will bear all expenses related to the exchange offer. Please refer to the section in this prospectus entitled Exchange Offer Fees and Expenses.
Use of Proceeds	The issuance of the new notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.
Consequences of Failure to Exchange Outstanding Notes	If you do not exchange your outstanding notes in this exchange offer, you will no longer be able to require us to register the outstanding notes under the Securities Act except in the limited circumstances provided under our registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the outstanding notes unless we have registered the outstanding notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
U.S. Federal Income Tax Considerations	The exchange of new notes for outstanding notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. Please read U.S. Federal Income Tax Considerations.

Exchange Agent	We have appointed Wachovia Bank, National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows: Wachovia Bank, National Association, Customer Information Center, Corporate Trust Operations NC1153, 1525 West W. T. Harris Blvd. 3C3, Charlotte, North Carolina 28262-8522. Eligible institutions may make requests by facsimile at (704) 590-9279.

Terms of the Notes

The new notes will be identical to the outstanding notes except that the new notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest and will contain different administrative terms. The new notes will evidence the same debt as the outstanding notes, and the same indenture will govern the new notes and the outstanding notes.

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this prospectus entitled Description of the Notes.

Issuers	Plains All American Pipeline, L.P. and PAA Finance Corp. PAA Finance Corp., a Delaware corporation, is an indirect wholly owned subsidiary of Plains All American Pipeline, L.P. that has been organized for the purpose of co-issuing our existing notes, the notes offered hereby, and the notes issued in any future offerings. PAA Finance Corp. will not have any operations of any kind and will not have any revenue other than as may be incidental to its activities as a co-issuer of the notes.
Notes Offered	$150 million in aggregate principal amount of 5.25% senior notes due 2015.
Maturity Date	June 15, 2015.
Interest Payment Dates	We will pay interest on the notes on June 15 and December 15 of each year, beginning December 15, 2005.
Optional Redemption	We may redeem the notes, in whole or in part, at any time at a price equal to 100% of the principal amount of the notes to be redeemed plus a make-whole premium described in the Description of the Notes Optional Redemption section of this prospectus, plus accrued and unpaid interest, if any, to the redemption date.

Guarantees	Initially, all payments with respect to the notes (including principal and interest) are fully and unconditionally guaranteed, jointly and severally, by substantially all of our existing subsidiaries. In the future our subsidiaries that guarantee other indebtedness of ours or another restricted subsidiary must also guarantee the notes. The guarantees are also subject to release in certain circumstances. The guarantees are general unsecured obligations of the subsidiary guarantors and rank equally with the existing and future senior unsecured indebtedness of the subsidiary guarantors.
Ranking	The notes are general senior unsecured obligations of the issuers and rank equally with the existing and future senior unsecured indebtedness of the issuers.
Certain Covenants	The indenture governing the notes contains covenants that limit our ability and our restricted subsidiaries ability, with certain exceptions, to: • incur liens on principal properties to secure debt;· • engage in sale-leaseback transactions; or· • merge or consolidate with another entity or sell, lease or transfer substantially all of our properties or assets to another entity.
Transfer Restrictions; Absence of a Public Market for the Notes	The new notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. There can be no assurance as to the development or liquidity of any market for the new notes.

Recent Developments

Acquisition of Natural Gas Storage Facilities

On September 14, 2005, Plains/Vulcan completed the acquisition of all of the equity interests of ECI, an indirect subsidiary of Sempra Energy that develops and operates underground natural gas storage facilities. Plains/Vulcan is owned 50% by us and 50% by a subsidiary of Vulcan Capital, the investment arm of Paul G. Allen (Vulcan Capital). The total purchase price, excluding transaction costs, for the ECI equity interests was approximately $250 million. Plains/Vulcan anticipates that it will make additional expenditures of approximately $260 million over the next several years to complete a project under construction. Plains/Vulcan anticipates entering into a credit facility to cover a portion of these costs and base gas requirements.

We and Vulcan Capital each made an initial cash investment of $112.5 million ($225 million in the aggregate to Plains/Vulcan), and a subsidiary of Plains/Vulcan placed a $90 million credit facility contemporaneously with closing. Our portion of the purchase price was funded with a combination of the $112.5 million cash investment, borrowed under our senior unsecured revolving credit facility, and our indirect share of the borrowings under the Plains/Vulcan subsidiary level credit facility, with excess funds from such sources used for closing costs and future liquidity.

ECI s principal assets consist of (i) Bluewater Gas Storage, an operating natural gas storage facility in Michigan with current natural gas storage working capacity of approximately 20 Bcf; (ii) Pine Prairie Energy Center (Pine Prairie), a 24 Bcf salt dome natural gas storage facility under development in Louisiana; and (iii) other similar projects and opportunities under various stages of review and evaluation.

Based on current estimates, we expect the initial capital requirements associated with our proportionate ownership of Plains/Vulcan to be approximately $255 million, which includes our initial cash payment of $112.5 million and our indirect share of the Plains/Vulcan subsidiary level credit facility, as well as future capital contributions. Actual costs may differ materially from current estimates because of factors beyond our control such as shortages or cost increases of power supplies, materials or labor (including the direct and indirect effects of Hurricanes Katrina and Rita on the availability of materials, the cost of natural gas and the demand for oil field services).

The Board of Directors of Plains/Vulcan, which will include an equal number of representatives from us and Vulcan Capital, will be responsible for providing strategic direction and policy making, and we will be responsible for the day to day operations of Plains/Vulcan.

Through its affiliates, Vulcan Capital owns approximately 54% of our general partner and approximately 20% of our outstanding common units.

Equity Offering

On October 6, 2005, we announced that we had completed the sale of 5,175,000 million common units (including the over-allotment option) at a public offering price of $42.20 per unit. Net proceeds from the offering, including the general partner s proportionate capital contribution and expenses associated with the offering, were approximately $213.8 million. Concurrent with the closing of the public offering, we completed the sale of 679,000 common units to investment funds affiliated with Kayne Anderson Capital Advisors, L.P. Net proceeds from this issuance, including the general partner s proportionate capital contribution and expenses associated with the issuance, were approximately $28.0 million. We used the total net proceeds of approximately $241.8 million from these issuances to repay indebtedness outstanding under our senior unsecured revolving credit facility and for general partnership purposes. A portion of the debt that was repaid was incurred as a result of the recent acquisition by PAA/Vulcan of ECI.

Impact of Hurricanes Katrina and Rita

Our preliminary damage assessment of the impact of Hurricanes Katrina and Rita on our Gulf Coast assets indicates that, in most cases, the extent of physical damage is not significant, and the bulk of associated costs will be covered by insurance. Because of lost power and communications and extensive flooding, access to certain assets remains difficult. For those assets rendered nonfunctional because of the hurricanes, we expect to encounter shortages of equipment and personnel to effect repairs, which could extend the time and increase the costs associated with returning such assets to service.

We are continuing to assess damage to our Gulf Coast assets. The cumulative impact of the hurricanes on our operations, however, may not be known for some time and will be dependent upon when power is restored to our facilities, the extent of damage to our and third party assets, the potential impact of shut in crude oil production and refining capacity and the extent of any environmental exposure. The profitability of our pipeline operations depends on the volume of crude oil shipped, and the profitability of our gathering and marketing activities is generally dependent on the volumes of crude oil we purchase and gather. Also, the success of our business strategy to increase and optimize throughput on our pipeline and gathering assets is dependent on our securing additional supplies of crude oil. The interruption in the production of oil from the Gulf Coast region caused by Hurricanes Katrina and Rita has reduced the production and limited the supply of crude oil available in the market and therefore decreased the volumes shipped on our pipelines and the volumes available for us to purchase in the market. Although substantial uncertainty remains, as of September 27, 2005 we do not expect the effects of Hurricanes Katrina and Rita will have a material impact on our results of operations.

Ownership Changes at Our General Partner

On August 12, 2005, Sable Investments, L.P., a 19.0% owner of our general partner, sold its interest to the remaining owners of our general partner. This transaction resulted from the exercise of a right of first refusal by all of the remaining owners in response to an offer to purchase the Sable interest. As a result of this transaction, Vulcan Energy Corporation (Vulcan), an affiliate of Vulcan Capital, increased its ownership interest in our general partner from 44% to approximately 54%, which effectively would have enabled Vulcan to elect five of our general partner s eight board members.

In conjunction with the transaction, our general partner entered into an excess voting rights agreement with Vulcan pursuant to which Vulcan has agreed to restrict certain of its voting rights to help preserve a balanced board. Specifically, Vulcan agreed that with respect to any action taken by the members for the election or removal of an independent director, Vulcan will vote all of its membership interest in excess of 49.9% in the same manner as, and proportionate to, the votes of all membership interests other than Vulcan s. Vulcan has the right at any time to give notice of termination of the agreement. The time between notice and termination depends on the circumstances, but would never be longer than one year. Upon any breach by Vulcan of, or notice of termination under, the agreement, the employment agreement waivers described below would terminate. In addition, Lynx Holdings, L.P., similarly agreed that, in the same circumstances, it will vote all of its 1.23% membership interest in the same manner as, and proportionate to, the votes of all membership interests other than Vulcan s and Lynx Holdings . Also in connection with the transaction, the chief executive officer and the chief operating officer of our general partner agreed to waive certain change-of-control payment rights that would otherwise have been triggered as a result of the increase in Vulcan s ownership interest in the general partner to approximately 54%.

Distribution Increase

On July 21, 2005, we announced a cash distribution of $0.65 per unit on all outstanding limited partner units. This second quarter distribution was paid on August 12, 2005. This distribution equals an annual distribution of $2.60 per unit and represents an increase of 12.6% over the second quarter of 2004 distribution.

During our conference call to discuss the acquisition of ECI, our management disclosed its intent to recommend to the board of directors of our general partner a post-closing distribution increase of two and a half cents per quarter, or ten cents per unit on an annualized basis. Such an increase would result in a quarterly distribution of $0.675 per unit, which equals an annualized distribution rate of $2.70 per unit. Subject to the approval of the board of directors of our general partner and the absence of any material adverse developments or potentially attractive opportunities that would make such an increase inadvisable, we expect this increase to be reflected in our distribution related to the third quarter of 2005. Under our partnership agreement, generally our general partner is entitled to 50% of the amount we distribute to each unitholder in excess of $0.675 per unit per quarter.

RISK FACTORS

In addition to the other information set forth elsewhere or incorporated by reference in this prospectus, the following factors relating to our partnership and the exchange offer and the notes should be considered carefully in deciding whether to participate in the exchange offer.

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 $3.2 million. In addition, any significant production disruption from the Santa Ynez field due to production problems, transportation problems or other reasons could 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 we establish a margin for crude oil purchased 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. These policies and practices cannot, however, eliminate all price risks. For example, 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, we engage in a controlled trading program for up to an aggregate of 500,000 barrels of crude oil. Although this activity is monitored independently by our risk management function, it exposes us to price risks within predefined limits and authorizations.

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 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 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 capital 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. 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:

- performance from the acquired assets and businesses that is below the forecasts we used in evaluating the acquisition;
- 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;
- risks associated with operating in lines of business that are distinct and separate from our historical operations
- 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 pay distributions or meet our debt service requirements.

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

Our operations involving the storage, treatment, processing, and transportation of liquid hydrocarbons, including crude oil, are subject to stringent federal, state, and local laws and regulations governing the discharge of materials into the environment, and otherwise relating to protection of the environment, operational safety and related matters. Compliance with these laws and regulations increases our overall cost of doing 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, the issuance of injunctions that may restrict or prohibit our operations, or claims of damages to property or persons resulting from our operations. The laws and regulations applicable to our operations are subject to change, and we cannot provide any assurance that compliance with current and future laws and regulations will not have a material effect 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 liability to private parties for personal injury or property damage.

The profitability of our pipeline operations depends on the volume of crude oil shipped.

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 20,000 barrel per day variance in the Basin Pipeline System within the current operating window, equivalent to an approximate 7% volume variance on that system, would change annualized segment profit by approximately $1.8 million. In addition, we estimate that an average 10,000 barrel per day variance on the Capline Pipeline System, equivalent

to an approximate 7% volume variance on that system, would change annualized segment profit by approximately $1.5 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. Fluctuations in demand can negatively affect our operating results.

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.

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.

We face intense competition in our gathering, marketing, terminalling and storage 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 variance in the average segment profit per barrel 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 15,000 barrel per day decrease in barrels gathered by us would have an approximate $4.2 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.

Loss of credit rating or the ability to receive open credit could negatively affect our ability to capitalize on a volatile market

We believe that, because of our strategic asset base and complementary business model, we will continue to benefit from swings in market prices and shifts in market structure during periods of volatility in the crude oil market. Our ability to capture that benefit, however, is subject to numerous risks and uncertainties, including our maintaining an attractive credit rating and continuing to receive open credit from our suppliers and trade counter-parties.

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 counterparties or that there will not be an unanticipated deterioration in their credit worthiness, which could have an adverse impact on us.

In those cases in which 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. We are also subject to the Pipeline Safety Regulations of the U.S. Department of Transportation. 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.

The effects of Hurricanes Katrina and Rita and other hurricanes may adversely affect our business.

Our preliminary damage assessment of the impact of Hurricanes Katrina and Rita on our Gulf Coast assets indicates that, in most cases, the extent of physical damage is not significant, and the bulk of associated costs will be covered by insurance. Because of lost power and communications and extensive flooding, access to certain assets remains difficult. For those assets rendered nonfunctional because of the hurricanes, we expect to encounter shortages of equipment and personnel to effect repairs, which could extend the time and increase the costs associated with returning such assets to service.

We are continuing to assess damage to our Gulf Coast assets. The cumulative impact of the hurricanes on our operations, however, may not be known for some time and will be dependent upon when power is restored to our facilities, the extent of damage to our and third party assets, the potential impact of shut in crude oil production and refining capacity and the extent of any environmental exposure. The profitability of our pipeline operations depends on the volume of crude oil shipped, and the profitability of our gathering and marketing activities is generally dependent on the volumes of crude oil we purchase and gather. Also, the success of our business strategy to increase and optimize throughput on our pipeline and gathering assets is dependent on our securing additional supplies of crude oil. The interruption in the production of oil from the Gulf Coast region caused by Hurricanes Katrina and Rita has reduced the production and limited the supply of crude oil available in the market and therefore decreased the volumes shipped on our pipelines and the volumes available for us to purchase in the market. Although substantial uncertainty remains, as of September 27, 2005 we do not expect the effects of Hurricanes Katrina and Rita will have a material impact on our results of operations.

Future hurricanes could have effects similar to and worse than Hurricanes Katrina and Rita, and could materially impact our results of operations.

Marine transportation of crude oil has inherent operating risks.

Our gathering and marketing operations include purchasing crude oil that is carried on third party tankers. Our water borne cargoes of crude oil are at risk of being damaged or lost because of events such as marine disaster, bad weather, mechanical failures, grounding or collision, fire, explosion, environmental accidents, piracy, terrorism and political instability. Such occurrences could result in death or injury to persons, loss of property or environmental damage, delays in the delivery of cargo, loss of revenues from or termination of charter contracts, governmental fines, penalties or restrictions on conducting business, higher insurance rates and damage to our reputation and customer relationships generally. While certain of these risks may be covered under our insurance program, any of these circumstances or events could increase our costs or lower our revenues, which could result in a reduction in the market price of our equity or debt securities.

Maritime claimants could arrest the vessels carrying our cargoes.

Crew members, suppliers of goods and services to a vessel, other shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of a vessel carrying a cargo of our oil could substantially delay our shipment.

In addition, in some jurisdictions, under the sister ship theory of liability, a claimant may arrest both the vessel that is subject to the claimant s maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one vessel carrying our cargo for claims relating to a vessel with which we have no relation.

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

As of June 30, 2005, our total outstanding long-term debt was approximately $953 million. Various limitations in our debt instruments 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 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.

Cash distributions are not guaranteed and may fluctuate with our performance and the establishment of financial reserves.

Because distributions on the common units are dependent on the amount of cash we generate, distributions may fluctuate based on our performance. The actual amount of cash that is available to be distributed each quarter will depend on numerous factors, some of which are beyond our control and the control of the general partner. Cash distributions are dependent primarily on cash flow, including cash flow from financial reserves and working capital borrowings, and not solely on profitability, which is affected by non-cash items. Therefore, cash distributions might be made during periods when we record losses and might not be made during periods when we record profits.

Risks Related to Our Investment in the Natural Gas Storage Business

Our facilities are new and have limited operating history.

Although we believe that our operating facilities are designed substantially to meet our contractual obligations with respect to injection and withdrawal volumes and specifications, the facilities are new and have a limited operating history. If we fail to receive or deliver natural gas at contracted rates, or cannot deliver natural gas consistent with contractual quality specifications, we could incur significant costs to maintain compliance with our contracts.

We have no history operating natural gas storage facilities.

Although many aspects of the natural gas storage industry are similar in many respects to our crude oil gathering, marketing, terminalling and storage operations, our current management does not have any experience in operating natural gas storage facilities. There are significant risks and costs inherent in our efforts to undertake entering into natural gas storage operations, including the risk that our new line of business may not be profitable and that we might not be able to operate the natural gas storage business or implement our operating policies and strategies successfully.

We will be required to devote a great deal of capital, management time and other resources by entering into the natural gas storage business. The devotion of these resources to natural gas storage operations could adversely affect our existing business. Entering into the natural gas storage industry may require substantial changes, including acquisition costs, capital development expenditures, adding management and employees who possess the skills we believe we will need to operate a natural gas storage business, and realigning our current organization to reflect this new line of business. Entering into the natural gas storage industry will require an investment in personnel and assets and the assumption of risks that may be greater than we have previously assumed.

Federal, state or local regulatory measures could adversely affect our business.

Our natural gas storage operations are subject to federal, state and local regulatory authorities. Specifically, our natural gas storage facilities and related assets are or will be subject to regulation by the Federal Energy Regulatory Commission or the Michigan Public Service Commission. Our facilities essentially have market based rate authority from such agencies. Any loss of market based rate authority could have an adverse impact on our revenues associated with providing storage services.

In addition, failure to comply with applicable regulations under the Natural Gas Act of 1938, Natural Gas Policy Act of 1978, and certain other state laws could result in the imposition of administrative, civil and criminal remedies.

Our gas storage business depends on third party pipelines to transport natural gas.

We depend on third party pipelines to move natural gas for our customers to and from our facilities. Any interruption of service on the pipelines or lateral connections or adverse change in the terms and conditions of service could have a material adverse effect on our ability, and the ability of our customers, to transport natural gas to and from our facilities, and could have a corresponding material adverse effect on our storage revenues. In addition, the rates charged by the interconnected pipeline for transportation to and from our facilities affect the utilization and value of our storage services. Significant changes in the rates charged by the pipeline or the rates charged by other pipelines with which the interconnected pipelines compete could also have a material adverse effect on our storage revenues.

We encounter competition from a variety of sources.

We compete with other storage providers, including local distribution companies (LDCs), utilities and affiliates of LDCs and utilities. Certain major pipeline companies have existing storage facilities connected to their systems that compete with certain of our facilities. Construction of new capacity could have an adverse impact on our competitive position.

Expanding our business by constructing new storage facilities subjects us to construction risks; there is no guarantee that Pine Prairie will be developed in the expected time frame or at the expected cost or generate the expected returns.

One of the ways we intend to grow our business is through the construction and development of new storage facilities or additions to our existing facilities. The construction of additional storage facilities or new pipeline interconnects involves numerous regulatory, environmental, political and legal uncertainties beyond our control, and requires the expenditure of significant amounts of capital. As we undertake these projects, they may be completed behind schedule or over the budgeted cost. Because of increased demand for materials, equipment and services in the wake of Hurricanes Katrina and Rita, there could be shortages and cost increases associated with construction projects. Moreover, our revenues will not increase immediately upon the expenditure of funds on a particular project. We may also construct facilities in anticipation of market growth that may never materialize. For example, Pine Prairie is currently under development and there is no guarantee that it will be fully developed in the expected time frame or at the expected cost or generate the expected returns.

We may not be able to retain existing customers or acquire new customers, which would reduce our revenues and limit our future profitability.

The renewal or replacement of existing contracts with our customers at rates sufficient to maintain or exceed current or anticipated revenues and cash flows depends on a number of factors beyond our control, including competition from other storage providers and the supply of and demand for natural gas in the markets we serve. The inability to renew or replace our current contracts as they expire and to respond appropriately to changing market conditions could have a negative effect on our profitability.

Third parties obligations under storage agreements may be suspended in some circumstances.

Some third parties obligations under their agreements with us may be permanently or temporarily reduced upon the occurrence of certain events, some of which are beyond our control, including force majeure. Force majeure events include (but are not limited to) revolutions, wars, acts of enemies, embargoes, import or export restrictions, strikes, lockouts, fires, storms, floods, acts of God, explosions and mechanical or physical failures of our equipment or facilities or the equipment or facilities of third parties.

The nature of our investment in natural gas storage assets and business could expose us to significant compliance costs and liabilities.

Our operations involving the storage of natural gas are subject to stringent federal, state and local laws and regulations governing the discharge of materials into the environment, otherwise relating to protection of the environment, operational safety and related matters. Compliance with these laws and regulations increases our overall cost of business, including our capital costs to construct, maintain and upgrade equipment and facilities, or claims for damages to property or persons resulting from our operations. 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 the issuance of injunctions that may restrict or prohibit our operations or even claims of damages to property or persons resulting from our operations. The laws and regulations applicable to our operations are subject to change, and we cannot provide any assurance that compliance with current and future laws and regulations will not have a material effect on our results of operations or earnings. A discharge of hazardous materials 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 liability to private parties for personal injury or property damage.

Joint venture structures can create operational difficulties.

Our natural gas storage operations are conducted through Plains/Vulcan, a joint venture between us and a subsidiary of Vulcan Capital, with each of us owning 50%. The board of directors of Plains/Vulcan, which will include an equal number of representatives from us and Vulcan Capital, will be responsible for providing strategic direction and policy making, and we will be responsible for the day-to-day operations of Plains/Vulcan.

As with any such joint venture arrangements, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major matters, potentially adversely affecting the business and operations of the joint ventures and in turn our business and operations.

Risks Related to the Exchange Offer and the Notes

If you do not properly tender your outstanding notes, you will continue to hold unregistered outstanding notes and your ability to transfer outstanding notes will be adversely affected.

We will only issue new notes in exchange for outstanding notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the outstanding notes and you should carefully follow the instructions on how to tender your outstanding notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of outstanding notes.

If you do not exchange your outstanding notes for new notes pursuant to the exchange offer, the outstanding notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the outstanding notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register outstanding notes under the Securities Act unless our registration rights agreement with the initial purchaser of the outstanding notes requires us to do so. Further, if you continue to hold any outstanding notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer notes outstanding.

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the partnership interests and the equity in our subsidiaries. As a result, our ability to make required payments on the notes depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, credit facilities and applicable state partnership laws and other laws and regulations. Pursuant to the credit facilities, we may be required to establish cash reserves for the future payment of principal and interest on the amounts outstanding under the credit facilities. If we are unable to obtain the funds necessary to pay the principal amount at maturity of the notes, we may be required to adopt one or more alternatives, such as a refinancing of the notes. We cannot assure you that we would be able to refinance the notes.

Your right to receive payments on the notes and the guarantees is unsecured and will be effectively subordinated to our existing and future secured indebtedness as well as to any existing and future indebtedness of our subsidiaries that do not guarantee the notes.

The notes are effectively subordinated to claims of our secured creditors and the guarantees are effectively subordinated to the claims of our secured creditors as well as the secured creditors of our subsidiary guarantors. Although substantially all of our subsidiaries, other than PAA Finance Corp., the co-issuer of the notes, will initially guarantee the notes, in the future, under certain circumstances, the guarantees are subject to release and we may have subsidiaries that are not guarantors. In that case, the notes would be effectively subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries that are not guarantors. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes.

Our leverage may limit our ability to borrow additional funds, comply with the terms of our indebtedness or capitalize on business opportunities.

Our leverage is significant in relation to our partners capital. At June 30, 2005, our total outstanding long-term debt and short-term borrowings under our revolving credit facility were approximately $160 million. We will be prohibited from making cash distributions during an event of default under any of our indebtedness. Various limitations in our credit facilities 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.

Our leverage could have importan