PLAINS ALL AMERICAN PIPELINE LP
Form 424B2
November 16, 2010

Table of Contents

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Filed Pursuant to Rule 424(b)(2)**
**Registration No. 333-162475**

**SUBJECT TO COMPLETION, DATED NOVEMBER 15, 2010**

**PRELIMINARY PROSPECTUS SUPPLEMENT**
**(To prospectus dated October 14, 2009)**

## 4,000,000 Common Units
## Representing Limited Partner Interests

We are selling 4,000,000 of our common units in this offering. Our common units are listed on the New York Stock Exchange under the symbol PAA. The last reported sale price of our common units on the New York Stock Exchange on November 12, 2010 was $63.92 per common unit.

**Investing in our common units involves risks. See Risk Factors on page S-8 of this prospectus supplement.**

| | Per Common Unit | Total |
|---|---|---|
| Public Offering Price | $ | $ |
| Underwriting Discount | $ | $ |
| Proceeds, before expenses, to Plains All American Pipeline, L.P. | $ | $ |

Delivery of the common units is expected to be made on or about November , 2010.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We have granted the underwriters a 30-day option to purchase up to 600,000 additional common units to cover over-allotments.

*Joint Book-Running Managers*

| | | | |
|---|---|---|---|
| **Citi** | **BofA Merrill Lynch** | **Morgan Stanley** | **Wells Fargo Securities** |

*Senior Co-Managers*

| | | | |
|---|---|---|---|
| **Barclays Capital** | **J.P. Morgan** | **Raymond James** | **UBS Investment Bank** |

*Co-Managers*

| | |
|---|---|
| **Morgan Keegan** | **RBC Capital Markets** |

The date of this prospectus supplement is November , 2010.

## TABLE OF CONTENTS

### Preliminary Prospectus Supplement


| | |
|---|---|
| Important Notice About Information in this Prospectus Supplement and the Accompanying Prospectus | S-ii |
| Forward-Looking Statements | S-ii |
| Prospectus Supplement Summary | S-1 |
| Risk Factors | S-8 |
| Use Of Proceeds | S-9 |
| Price Range of Common Units and Distributions | S-10 |
| Capitalization | S-11 |
| Material U.S. Federal Income Tax Consequences | S-12 |
| Underwriting (Conflicts of Interest) | S-13 |
| Legal Matters | S-18 |
| Experts | S-18 |
| Where You Can Find More Information | S-18 |


### Prospectus


| | |
|---|---|
| About This Prospectus | i |
| Where You Can Find More Information | 1 |
| Forward-Looking Statements | 3 |
| Who We Are | 5 |
| Risk Factors | 6 |
| Use of Proceeds | 7 |
| Ratio of Earnings to Fixed Charges | 8 |
| Description of Our Debt Securities | 9 |
| Description of Our Common Units | 17 |
| Cash Distribution Policy | 19 |
| Description of Our Partnership Agreement | 23 |
| Material Income Tax Considerations | 26 |
| Legal Matters | 41 |
| Experts | 41 |

## IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

**This document is in two parts. The first part is the prospectus supplement, which describes our business and the specific terms of this offering. The second part, the base prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined.**

**If the description of the offering varies between the prospectus supplement and the base prospectus, you should rely on the information in the prospectus supplement.**

**You should rely only on the information contained in or incorporated by reference in this prospectus or any free writing prospectus relating to this offering of common units. Neither we nor the underwriters have authorized anyone to provide you with different information. We are not making an offer of the common units in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus, any free writing prospectus or in the documents incorporated by reference in this prospectus is accurate as of any date other than the date on the front of those documents.**

**The information in this prospectus supplement is not complete. You should review carefully all of the detailed information appearing in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference before making any investment decision.**

## FORWARD-LOOKING STATEMENTS

All statements included or incorporated by reference in this prospectus supplement, other than statements of historical fact, are forward-looking statements, including but not limited to statements identified by the words anticipate, believe, estimate, expect, plan, intend and forecast, as well as similar expressions and statements regarding ou business strategy, plans and objectives of our management for future operations. The absence of these words, however, does not mean that the statements are not forward-looking. These statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions. Certain factors could cause actual results to differ materially from results anticipated in the forward-looking statements. These factors include, but are not limited to:

- failure to implement or capitalize on planned internal growth projects;
- maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties;
- continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business;
- the effectiveness of our risk management activities;
- environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;
- abrupt or severe declines or interruptions in outer continental shelf production located offshore California and transported on our pipeline systems;

shortages or cost increases of power supplies, materials or labor;

the availability of adequate third-party production volumes for transportation and marketing in the areas in which we operate and other factors that could cause declines in volumes shipped on our pipelines by us and third-party shippers, such as declines in production from existing oil and gas reserves or failure to develop additional oil and gas reserves;

fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, refined products and natural gas and resulting changes in pricing conditions or transportation throughput requirements;

Table of Contents

- the availability of, and our ability to consummate, acquisition or combination opportunities;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations;
- unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof);
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements and related interpretations;
- the effects of competition;
- interruptions in service and fluctuations in tariffs or volumes on third-party pipelines;
- increased costs or lack of availability of insurance;
- fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans;
- the currency exchange rate of the Canadian dollar;
- weather interference with business operations or project construction;
- risks related to the development and operation of natural gas storage facilities;
- future developments and circumstances at the time distributions are declared;
- general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and
- other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil, refined products and liquefied petroleum gas and other natural gas related petroleum products.

Other factors described herein or incorporated by reference, or factors that are unknown or unpredictable, could also have a material adverse effect on future results. Please read "Risk Factors" beginning on page S-8 of this prospectus supplement and in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-14569), which is incorporated in this prospectus supplement by reference. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

Table of Contents

## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference for a more complete understanding of this offering of common units. Please read Risk Factors beginning on page S-8 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated into this prospectus supplement by reference, for information regarding risks you should consider before investing in our common units.*

*Except as the context otherwise indicates, the information in this prospectus supplement assumes no exercise of the underwriters option to purchase additional common units.*

*For purposes of this prospectus supplement and the accompanying prospectus, unless the context clearly indicates otherwise, we, us, our and the Partnership refer to Plains All American Pipeline, L.P. and its subsidiaries. References to our general partner, as the context requires, include any or all of PAA GP LLC, Plains AAP, L.P. and Plains All American GP LLC.*

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

We are a Delaware limited partnership formed in September 1998. Our operations are conducted directly and indirectly through our primary operating subsidiaries. We are engaged in the transportation, storage, terminalling and marketing of crude oil, refined products and liquefied petroleum gas and other natural gas-related petroleum products. We refer to liquefied petroleum gas and other natural gas-related petroleum products collectively as LPG. We are also engaged in the development and operation of natural gas storage facilities through our direct and indirect ownership of PAA Natural Gas Storage, L. P. ( PNG ), which is a fee-based, growth-oriented Delaware limited partnership engaged in the ownership, acquisition, development, operation and commercial management of natural gas storage facilities. We own PNG s general partner, PNGS GP LLC ( PNGS GP ), which holds a 2.0% general partner interest in PNG and all of its incentive distributions rights. We also own an approximate 74.8% limited partner interest in PNG.

We are one of the largest midstream crude oil companies in North America. We have an extensive network of pipeline transportation, terminalling, storage and gathering assets in key oil-producing basins and transportation corridors, and at major market hubs in the United States and Canada. We manage our operations through three primary operating segments: (i) transportation, (ii) facilities and (iii) supply and logistics.

*Transportation Segment.* Our transportation segment operations generally consist of fee-based activities associated with transporting crude oil and refined products on pipelines, gathering systems, trucks and barges. We generate revenue through a combination of tariffs, third-party leases of pipeline capacity and transportation fees. As of December 31, 2009, we employed a variety of owned or leased long-term physical assets throughout the United States and Canada in this segment, including approximately:

16,000 miles of active crude oil and refined products pipelines and gathering systems;

28 million barrels of active, above-ground tank capacity used primarily to facilitate pipeline throughput;

84 trucks and 353 trailers; and

68 transport and storage barges and 39 transport tugs through our interest in Settoon Towing, LLC ( Settoon Towing ).

We also include in this segment our equity earnings from our investments in Butte Pipe Line Company, Frontier Pipeline Company, Settoon Towing and White Cliffs Pipeline, L.L.C., in which we own non-controlling interests.

*Facilities Segment.* Our facilities segment operations generally consist of fee-based activities associated with providing storage, terminalling and throughput services for crude oil, refined products, LPG and natural gas, as well as LPG fractionation and isomerization services. We generate revenue through a combination of month-to-month and multi-year leases and processing arrangements. Revenues generated in this segment include (i) storage fees that are generated when we lease storage capacity, (ii) terminalling fees, or throughput fees, that are generated when we receive crude oil, refined products, LPG or natural gas from one connecting pipeline and redeliver the applicable product to another connecting carrier, (iii) hub service fees for the movement of natural gas across our header systems and (iv) fees from LPG fractionation and isomerization services. As of December 31, 2009, we owned, operated and employed a variety of long-term physical assets throughout the United States and Canada in this segment, including:

- approximately 51 million barrels of crude oil and refined products capacity primarily at our terminalling and storage locations;
- approximately 6 million barrels of LPG storage capacity;
- approximately 40 billion cubic feet ( Bcf ) of natural gas storage capacity;
- approximately 9 Bcf of base gas in storage facilities owned by us; and
- a fractionation plant in Canada with a processing capacity of 4,400 barrels per day, and a fractionation and isomerization facility in California with an aggregate processing capacity of 22,500 barrels per day.

Our facilities segment includes our investment in PNG. PNG currently owns and operates natural gas storage capacity at its Bluewater facility in Michigan and Pine Prairie facility in South Louisiana. PNG s Bluewater facility is a depleted reservoir natural gas storage complex located approximately 50 miles from Detroit in St. Clair County, Michigan. As of September 30, 2010, Bluewater had a total working gas storage capacity of approximately 26 Bcf in two depleted reservoirs. PNG s Pine Prairie facility is a recently constructed, high-deliverability salt cavern natural gas storage complex located in Evangeline Parish, Louisiana. As of September 30, 2010, Pine Prairie had a total working gas storage capacity of approximately 24 Bcf in three caverns.

*Supply and Logistics Segment.* Our supply and logistics segment operations generally consist of the following merchant activities:

- the purchase of U.S. and Canadian crude oil at the wellhead and the bulk purchase of crude oil at pipeline and terminal facilities, as well as the purchase of foreign cargoes at their load port and various other locations in transit;
- the storage of inventory during contango market conditions and the seasonal storage of LPG;
- the purchase of refined products and LPG from producers, refiners and other marketers;
- the resale or exchange of crude oil, refined products and LPG at various points along the distribution chain to refiners or other resellers to maximize profits; and
- the transportation of crude oil, refined products and LPG on trucks, barges, railcars, pipelines and ocean-going vessels to our terminals and third-party terminals.

We believe that the majority of activities that are carried out within our supply and logistics segment are counter-cyclically balanced to produce a stable baseline of results in a variety of market conditions, while at the same time providing upside potential associated with opportunities inherent in volatile market conditions. These activities utilize storage facilities at major interchange and terminalling locations and various hedging strategies to provide a counter-cyclical balance. The tankage that is used to support our arbitrage activities positions us to capture margins in a contango market (when the oil prices for future deliveries are higher than the current prices) or when the market switches from contango to backwardation (when the oil prices for future deliveries are lower than the current prices).

Except for pre-defined inventory positions, our policy is generally (i) to purchase only product for which we have a market, (ii) to structure our sales contracts so that price fluctuations do not materially affect the segment profit we receive and (iii) not to acquire and hold physical inventory, futures contracts or other derivative products for the purpose of speculating on outright commodity price changes.

Table of Contents

In addition to substantial working inventories associated with its merchant activities, as of December 31, 2009, our supply and logistics segment also owned significant volumes of crude oil and LPG classified as long-term assets for linefill or minimum inventory requirements under service arrangements with transportation carriers and terminalling providers. The supply and logistics segment also employs a variety of owned or leased physical assets throughout the United States and Canada, including approximately:

- 10 million barrels of crude oil and LPG linefill in pipelines owned by us;
- 2 million barrels of crude oil and LPG linefill in pipelines owned by third parties and other long-term inventory;
- 522 trucks and 630 trailers; and
- 1,473 railcars.

In connection with its operations, the supply and logistics segment secures transportation and facilities services from our other two segments as well as third-party service providers under month-to-month and multi-year arrangements. Intersegment sales are based on posted tariff rates, rates similar to those charged to third parties or rates that we believe approximate market rates. However, certain terminalling and storage rates recognized within our facilities segment are discounted to our supply and logistics segment to reflect the fact that these services may be canceled on short notice to enable the facilities segment to provide services to third parties.

Certain activities in our supply and logistics segment are affected by seasonal aspects, primarily with respect to LPG supply and logistics activities, which generally have higher activity levels during the first and fourth quarters of each year.

## Business strategy

Our principal business strategy is to provide competitive and efficient midstream transportation, terminalling, storage and supply and logistics services to our producer, refiner and other customers. Toward this end, we endeavor to address regional supply and demand imbalances for crude oil, refined products, LPG and natural gas in the United States and Canada by combining the strategic location and capabilities of our transportation, terminalling and storage assets with our extensive supply, logistics and distribution expertise.

We believe successful execution of this strategy will enable us to generate sustainable earnings and cash flow. We intend to grow our business by:

- optimizing our existing assets and realizing cost efficiencies through operational improvements;
- developing and implementing internal growth projects that (i) address evolving crude oil, refined products and LPG needs in the midstream transportation and infrastructure sector and (ii) are well-positioned to benefit from long-term industry trends and opportunities;
- utilizing our assets along the Gulf, West and East Coasts, along with our terminals and leased assets, to optimize our presence in the waterborne importation of foreign crude oil;
- capitalizing on the anticipated long-term growth in demand for natural gas storage services in North America by owning and operating high-quality natural gas storage facilities and providing our current and future customers reliable, competitive and flexible natural gas storage and related services;

selectively pursuing strategic and accretive acquisitions of crude oil, refined products and LPG transportation, terminalling, storage and marketing assets and businesses that complement our existing asset base and distribution capabilities; and

using our terminalling and storage assets in conjunction with our supply and logistic activities to capitalize on inefficient energy markets and to address physical market imbalances, mitigate inherent risks and increase margin.

We believe PNG s natural gas storage assets are also well-positioned to benefit from long-term industry trends and opportunities. PNG s growth strategies are to develop and implement internal growth projects and to selectively pursue strategic and accretive natural gas storage projects and facilities. Through the execution of such growth strategies, we intend to expand the scale and scope of our natural gas storage business. We may also prudently and economically leverage our asset base, knowledge base and skill sets to participate in other energy-related businesses that have characteristics and opportunities similar to, or that otherwise complement, our existing activities.

**Ongoing acquisition activities**

Consistent with our business strategy, we are continuously engaged in discussions with potential sellers regarding the possible purchase of assets and operations that we believe are strategic and complementary to our existing operations. Targeted assets and operations might include crude oil, refined products, LPG or natural gas storage related assets. Such acquisition efforts involve our participation in processes that have been made public, involve a number of potential buyers and are commonly referred to as auction processes, as well as situations where we believe we are the only party or one of a very limited number of potential buyers in negotiations with the potential seller. These acquisition efforts often involve assets which, if acquired, would have a material effect on our financial condition and results of operations. Past experience has demonstrated that any discussions and/or negotiations regarding potential acquisitions could advance or terminate in a short period of time. Accordingly, we can give no assurance that our current or future acquisition efforts will be successful. Although we expect acquisitions we make to be accretive in the long term, we can provide no assurance that our expectations will ultimately be realized.

**Financial strategy**

*Targeted Credit Profile.* We believe that a major factor in our continued success is our ability to maintain a competitive cost of capital and access to the capital markets. We intend to maintain a credit profile that we believe is consistent with an investment grade credit rating. We have targeted a general credit profile with the following attributes:

- an average long-term debt-to-total capitalization ratio of approximately 50%;
- an average long-term debt-to-adjusted EBITDA multiple of approximately 3.5x (adjusted EBITDA is earnings before interest, taxes, depreciation and amortization, equity compensation plan charges, gains and losses from derivative activities and selected items that are generally unusual or non-recurring);
- an average total debt-to-total capitalization ratio of approximately 60%; and
- an average adjusted EBITDA-to-interest coverage multiple of approximately 3.3x or better.

The first two of these four metrics include long-term debt as a critical measure. In certain market conditions, we also incur short-term debt in connection with supply and logistics activities that involve the simultaneous purchase and forward sale of crude oil, refined products and LPG. The crude oil, refined products and LPG purchased in these transactions are hedged. We do not consider the working capital borrowings associated with this activity to be part of our long-term capital structure. These borrowings are self-liquidating as they are repaid with sales proceeds. We also incur short-term debt for New York Mercantile Exchange ( NYMEX ) and IntercontinentalExchange ( ICE ) margin requirements.

In order for us to maintain our targeted credit profile and achieve growth through internal growth projects and acquisitions, we intend to fund at least 50% of the capital requirements associated with these activities with equity and cash flow in excess of distributions. From time to time, we may be outside the parameters of our targeted credit profile as, in certain cases, these capital expenditures and acquisitions may be financed initially using debt or there may be delays in realizing anticipated synergies from acquisitions or contributions from capital expansion projects to adjusted EBITDA. At September 30, 2010 and for the nine months then ended, we were in line with our targeted metrics.

Table of Contents

## Competitive strengths

We believe that the following competitive strengths position us to successfully execute our principal business strategy:

*Many of Our Transportation Segment and Facilities Segment Assets are Strategically Located and Operationally Flexible.* The majority of our primary transportation segment assets are in crude oil service, are located in well-established oil producing regions and transportation corridors, and are connected, directly or indirectly, with our facilities segment assets located at major trading locations and premium markets that serve as gateways to major North American refinery and distribution markets where we have strong business relationships.

*We Possess Specialized Crude Oil Market Knowledge.* We believe our business relationships with participants in various phases of the crude oil distribution chain, from crude oil producers to refiners, as well as our own industry expertise, provide us with an extensive understanding of the North American physical crude oil markets.

*Our Crude Oil Supply and Logistics Activities are Counter-Cyclically Balanced.* We believe the variety of activities provided by our supply and logistics segment provides us with a counter-cyclical balance that generally affords us the flexibility (i) to maintain a base level of margin irrespective of crude oil market conditions and (ii) in certain circumstances, to realize incremental margin during volatile market conditions.

*We have the Evaluation, Integration and Engineering Skill Sets and the Financial Flexibility to Continue to Pursue Acquisition and Expansion Opportunities.* Over the past twelve years, we have completed and integrated approximately 63 acquisitions with an aggregate purchase price of approximately $6.6 billion. We have also implemented internal expansion capital projects totaling approximately $2.4 billion through September 30, 2010. In addition, we believe we have resources to finance future strategic expansion and acquisition opportunities. As of September 30, 2010, we had a working capital surplus of approximately $204 million and approximately $1.3 billion available under our committed credit facilities, subject to continued covenant compliance.

*We have an Experienced Management Team Whose Interests are Aligned with those of Our Unitholders.* Our executive management team has an average of approximately 25 years industry experience, and an average of approximately 16 years with us or our predecessors and affiliates. In addition, through their ownership of common units, indirect interests in our general partner, grants of phantom units and the Class B units in Plains AAP, L.P. (a Delaware limited partnership and the sole member of our general partner), our management team has a vested interest in our continued success.

We believe these competitive strengths will aid our efforts to expand our presence in the refined products, LPG and natural gas storage sectors.

## Recent developments

*Nexen Acquisition.* On November 12, 2010, we executed a definitive agreement with Nexen Holdings U.S.A. Inc. to purchase certain entities that hold crude oil gathering and transportation assets that primarily service Bakken area producers. Total consideration to be paid at closing is estimated at $210 million, including $170 million for the entities to be acquired and an estimated $40 million for approximately 400,000 barrels of crude oil inventory and other working capital adjustments. Subject to regulatory approval, the transaction is scheduled to close by year-end 2010. We believe this acquisition is consistent with our strategy to expand and strengthen our presence in long-lived, growing producing regions and is complementary to our existing Bakken area assets and activities, including our recently proposed Bakken North Pipeline project.

*November Distribution.* On November 12, 2010, we paid a cash distribution of $0.9500 per unit ($3.80 per unit on an annualized basis) to holders of record of such units at the close of business on November 2, 2010. The distribution represented an increase of approximately 3.3% over the quarterly distribution of $0.9200

**Table of Contents**

per unit we paid in November 2009 and of approximately 0.8% over the quarterly distribution of $0.9425 per unit we paid in August 2010.

## Additional information

For additional information about us, including our partnership structure and management, please see our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010. Please refer to the section in this prospectus supplement entitled Where You Can Find More Information.

## THE OFFERING

| | |
|---|---|
| Common units we are offering | 4,000,000 common units; 4,600,000 common units if the underwriters exercise their option to purchase additional common units in full. |
| Units outstanding after this offering | 140,419,175 common units if the underwriters do not exercise their option to purchase additional common units and 141,019,175 common units if the underwriters exercise their option to purchase additional common units in full. |
| Use of proceeds | We intend to use the net proceeds from this offering of approximately $ million, including our general partner s proportionate capital contribution after deducting the underwriters discounts and commissions and estimated offering expenses, to reduce outstanding borrowings under our credit facilities and for general partnership purposes. Amounts repaid under our credit facilities may be reborrowed to fund our ongoing capital program, potential future acquisitions, including the pending Nexen Acquisition, or for general partnership purposes. |
| Cash distributions | Under our partnership agreement, we must distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner in its discretion. We refer to this cash as available cash, and we define its meaning in our partnership agreement.<br><br>Under the quarterly incentive distribution provisions in our partnership agreement, generally our general partner is entitled, following the distribution of our minimum quarterly distribution of $0.45 per common unit and without duplication, to 15% of amounts we distribute until each unitholder receives a total of $0.495 per common unit, 25% of amounts we distribute until each unitholder receives a total of $0.675 per common unit and 50% thereafter. For a description of our cash distribution policy, please read Cash Distribution Policy in the accompanying prospectus.<br><br>On November 12, 2010, we paid a cash distribution of $0.9500 per unit ($3.80 per unit on an annualized basis) to holders of record of such units at the close of business on November 2, 2010. The distribution represented an increase of approximately 3.3% over the quarterly distribution of $0.9200 per unit we paid in November 2009 and approximately 0.8% over the quarterly distribution of $0.9425 per unit we paid in August 2010. |
| Estimated ratio of taxable income to distributions | We estimate that if you own the common units you purchase in this offering through the record date for the distribution for the period ending December 31, 2012, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 30% of the cash distributed to you with respect to that period. Please read Material U.S. Federal Income Tax Consequences in this prospectus supplement for the basis of this estimate. |

| | |
|---|---|
| Conflicts of Interest | Affiliates of each of the underwriters are lenders under our credit facilities, and accordingly, will receive a substantial portion of the proceeds from this offering pursuant to the repayment of borrowings under such facilities. Please read Underwriting Conflicts of Interest in this prospectus supplement for further information. |
| New York Stock Exchange symbol | PAA. |

**Table of Contents**

## RISK FACTORS

*Before making an investment in the common units offered hereby, you should carefully consider the risk factors included in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated in this prospectus supplement by reference, together with all of the other information included or incorporated by reference in this prospectus. If any of these risks were to occur, our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of our common units could decline, and you could lose all or part of your investment.*

Table of Contents

## USE OF PROCEEDS

The net proceeds of this offering will be approximately $ million, including our general partner s proportionate capital contribution, after deducting the underwriters discounts and commissions and estimated offering expenses. If the underwriters exercise their option to purchase additional common units in full, the net proceeds of this offering will be approximately $ million, including our general partner s proportionate capital contribution.

We intend to use the net proceeds of this offering (as well as the proceeds from any exercise of the underwriters option to purchase additional common units) to reduce outstanding borrowings under our credit facilities and for general partnership purposes. Amounts repaid under our credit facilities may be reborrowed to fund our ongoing capital program, potential future acquisitions, including the pending Nexen Acquisition, or for general partnership purposes.

Affiliates of each of the underwriters are lenders under our credit facilities, and accordingly, will receive a substantial portion of the proceeds from this offering pursuant to the repayment of borrowings under such facilities. Please read Underwriting Conflicts of Interest in this prospectus supplement for further information.

At November 12, 2010 we had approximately $1.4 billion of debt outstanding under our credit facilities with a weighted average interest rate of approximately 1.2%. Substantially all of the borrowings we are repaying were used for working capital requirements.

Table of Contents

## PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

As of November 12, 2010, we had 136,419,175 common units outstanding, held by approximately 120,000 holders, including common units held in street name. Our common units are traded on the New York Stock Exchange under the symbol PAA.

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 November 12, 2010 was $63.92 per common unit.

| | Common Unit Price Range | | Cash Distributions |
|---|---|---|---|
| | **High** | **Low** | **per Unit(1)** |
| **2008** | | | |
| First Quarter | $ 52.44 | $ 43.93 | $ 0.8650 |
| Second Quarter | 50.96 | 44.54 | 0.8875 |
| Third Quarter | 48.36 | 35.68 | 0.8925 |
| Fourth Quarter | 42.39 | 23.25 | 0.8925 |
| **2009** | | | |
| First Quarter | $ 40.98 | $ 34.00 | $ 0.9050 |
| Second Quarter | 45.52 | 36.25 | 0.9050 |
| Third Quarter | 50.33 | 42.50 | 0.9200 |
| Fourth Quarter | 53.37 | 45.45 | 0.9275 |
| **2010** | | | |
| First Quarter | $ 57.11 | $ 49.82 | $ 0.9350 |
| Second Quarter | 60.06 | 44.12 | 0.9425 |
| Third Quarter | 64.21 | 57.33 | 0.9500 |
| Fourth Quarter (through November 12, 2010) | 65.20 | 62.16 | (2) |

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

(2) Cash distributions in respect of the fourth quarter of 2010 have not been declared or paid.

Table of Contents

## CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2010 (i) on a historical basis and (ii) as adjusted to give effect to the sale of the common units offered hereby and the application of the net proceeds therefrom as described under Use of Proceeds in this prospectus supplement and our general partner s proportionate capital contribution, net of offering expenses. This table should also be read in conjunction with our financial statements and the notes thereto that are incorporated by reference into this prospectus supplement. As of November 12, 2010, we had approximately $1.4 billion of debt outstanding under our credit facilities with a weighted average interest rate of approximately 1.2%. The increase in debt outstanding under our credit facilities as compared to September 30, 2010 is related to borrowings for normal course of business uses, such as ongoing maintenance and expansion activities, payment of amounts related to the purchase of crude oil and other products and other expenses, interest payments on our outstanding debt and distributions to our unitholders or general partner (related to the timing difference between the period earnings are generated and the period the earnings are distributed). See Use of Proceeds.

| | As of September 30, 2010 | |
|---|---|---|
| | Historical | As Adjusted for this Offering |
| | (In millions) | |
| **CASH AND CASH EQUIVALENTS** | $ 13 | $ 13 |
| **SHORT-TERM DEBT** | | |
| Hedged inventory facility | $ 400 | $ 400 |
| Working capital borrowings(1) | 493 | |
| Other | 2 | 2 |
| Total short-term debt | $ 895 | $ |
| **LONG-TERM DEBT** | | |
| Long-term debt under credit facilities and other(2) | $ 231 | $ 231 |
| Senior notes, net of amortized net premium and discount | 4,362 | 4,362 |
| Total long-term debt | $ 4,593 | $ 4,593 |
| **PARTNERS CAPITAL** | | |
| Common unitholders | $ 4,014 | $ |
| General partner | | |