PAA FINANCE CORP
Form 424B2
March 13, 2012
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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 and are not soliciting 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 MARCH 13, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

To prospectus dated October 14, 2009

Plains All American Pipeline, L.P.

PAA Finance Corp.

$ % Senior Notes due 2022

$ % Senior Notes due 2042

Plains All American Pipeline, L.P. and PAA Finance Corp. are offering $ aggregate principal amount of debt securities, consisting of $ million aggregate principal amount of % Senior Notes due 2022 and $ million aggregate principal amount of % Senior Notes due 2042. We refer to each such series of notes as the 2022 Notes and the 2042 Notes, respectively, and, collectively, as the Notes.

We will pay interest on the Notes semi-annually in arrears on and of each year, beginning on , 2012. The 2022 Notes will mature on , 2022, and the 2042 Notes will mature on , 2042, in either case unless redeemed prior to the respective maturity dates.

We may, at our option, redeem the Notes of either series at any time in whole or from time to time in part, prior to maturity, at the redemption prices as described herein under Description of Notes Optional Redemption. In addition, if the BP NGL Acquisition (as defined herein) is not closed on or prior to June 1, 2012 or the acquisition agreement relating to the acquisition is terminated earlier, we may redeem all, but not less than all, of either or both series of Notes at a redemption price equal to 101% of the aggregate principal amount of such series of Notes, plus accrued and unpaid interest to the date of redemption. See Prospectus Supplement Summary Pending BP NGL Acquisition and Description of Notes Special Optional Redemption.

The Notes will be the unsecured senior obligations of Plains All American Pipeline, L.P. and PAA Finance Corp. and will rank equally in right of payment with their other senior indebtedness from time to time outstanding.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

Investing in the Notes involves risks. See Risk Factors on page S-7 of this prospectus supplement and beginning on page 6 of the accompanying prospectus.

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.

	Public Offering Price(1)	Underwriting Discount	Proceeds, Before Expenses, to Us
Per 2022 Note	%	%	%
Total	$	$	$
Per 2042 Note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from March , 2012 if settlement occurs after that date.

The underwriters expect to deliver the Notes in book-entry form only through facilities of The Depository Trust Company for the account of its participants, including Clearstream Banking, société anonyme, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about March , 2012, the seventh trading day after the date of this prospectus supplement.

Joint Book-Running Managers

J.P. Morgan **BofA Merrill Lynch** **UBS Investment Bank** **Wells Fargo Securities**

DNB Markets **Mizuho Securities**

The date of this prospectus supplement is March , 2012.

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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 accompanying prospectus, gives more general information and includes disclosures regarding the Notes and additional disclosures that would pertain if at some time in the future we were to offer other series of our debt securities or our common units. Accordingly, the accompanying prospectus may contain information that does 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 accompanying 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 Notes. Neither we nor the underwriters have authorized anyone to provide you with different information. Neither we nor the underwriters are making an offer of the Notes 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. Our business, financial condition, results of operations and prospects may have changed since those dates.

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.

We expect delivery of the Notes will be made against payment therefor on or about March , 2012, which is the seventh business day following the date of pricing of the Notes (such settlement being referred to as T+7). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the Exchange Act), trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing of the Notes or the next succeeding three business days will be required, by virtue of the fact that the Notes initially will settle in T+7, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisers.

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 similar expressions and statements regarding our business strategy, plans and objectives 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 to be reasonable assumptions. Certain factors could cause actual results to differ materially from results anticipated in the forward-looking statements. The most important of these factors include, but are not limited to:

- failure to consummate and integrate the BP NGL Acquisition;
- 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;

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the effectiveness of our risk management activities;

unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof);

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 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;

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;

the impact of current and future laws, rulings, governmental regulations, accounting standards and statements and related interpretations;

the effects of competition;

interruptions in service 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;
- factors affecting demand for natural gas and natural gas storage services and rates;
- 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 and refined products, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids.

Other factors described herein or incorporated by reference, as well as factors that are unknown or unpredictable, could also have a material adverse effect on future results. Such factors are described in "Risk Factors" on page S-7 of this prospectus supplement and in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011 (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.

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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 Notes. Please read Risk Factors on page S-7 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated into this prospectus supplement by reference, for information regarding risks you should consider before making a decision to purchase any Notes in this offering.

For purposes of this prospectus supplement and the accompanying prospectus, except as set forth in Description of Notes and 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 engage in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the processing, transportation, fractionation, storage and marketing of natural gas liquids (NGL). The term NGL includes ethane and natural gasoline products as well as propane and butane, products which are commonly referred to as liquefied petroleum gas (LPG).

We also own and operate 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, which holds a 2% general partner interest in PNG and all of its incentive distributions rights. We also currently own an approximate 62% 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: transportation, facilities and supply and logistics.

Business Strategy

Our principal business strategy is to provide competitive and efficient midstream transportation, terminalling, storage, processing, fractionation 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, NGL and natural gas in the United States and Canada by combining the strategic location and capabilities of our transportation, terminalling, storage, processing and fractionation 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 manage and grow our business by:

- optimizing our existing assets and realizing cost efficiencies through operational improvements;

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using our transportation, terminalling, storage, processing and fractionation assets in conjunction with our supply and logistics activities to capitalize on inefficient energy markets and to address physical market imbalances, mitigate inherent risks and increase margin;

developing and implementing internal growth projects that (i) address evolving crude oil, refined products, natural gas and NGL needs in the midstream transportation and infrastructure sector and (ii) are well-positioned to benefit from long-term industry trends and opportunities;

selectively pursuing strategic and accretive acquisitions that complement our existing asset base and distribution capabilities; and

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 through our ownership interest in PNG.

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 are strategic and complementary to our existing operations. In addition, we have in the past evaluated and pursued, and intend in the future to evaluate and pursue, other energy-related assets that have characteristics and opportunities similar to our existing business lines and enable us to leverage our asset base, knowledge base and skill sets. Such acquisition efforts may involve participation by us in processes that have been made public and involve a number of potential buyers, commonly referred to as auction processes, as well as situations in which we believe we are the only party or one of a limited number of potential buyers in negotiations with the potential seller. These acquisition efforts often involve assets which, if acquired, could have a material effect on our financial condition and results of operations.

We typically do not announce a transaction until after we have executed a definitive acquisition agreement. However, in certain cases in order to protect our business interests or for other reasons, we may defer public announcement of an acquisition until closing or a later date. Past experience has demonstrated that discussions and negotiations regarding a potential acquisition can advance or terminate in a short period of time. Moreover, the closing of any transaction for which we have entered into a definitive acquisition agreement will be subject to customary and other closing conditions, which may not ultimately be satisfied or waived. Accordingly, we can give no assurance that our current or future acquisition efforts will be successful. Although we expect the acquisitions we make to be accretive in the long term, we can provide no assurance that our expectations will ultimately be realized.

Pending BP NGL Acquisition

On December 1, 2011, we entered into a definitive agreement to acquire (the BP NGL Acquisition) all outstanding shares of BP Canada Energy Company, a wholly owned subsidiary of BP Corporation North America Inc. (BP North America). Total consideration for the acquisition, which will be based on an October 1, 2011 effective date, is approximately $1.67 billion, subject to working capital and other adjustments. A cash deposit of $50 million was paid upon signing, and the balance, plus 2% interest from October 1, 2011, is payable in cash upon closing. As of March 7, 2012, all of our regulatory closing conditions under the definitive acquisition agreement had been satisfied; subject to the continued satisfaction of such regulatory conditions and the satisfaction of other customary closing conditions, the acquisition is expected to close early in the second quarter of 2012.

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Upon completion of this acquisition, we will become the indirect owner of all of BP North America s Canadian-based NGL business and certain of BP North America s NGL assets located in the upper-Midwest United States (collectively the BP NGL Assets). The BP NGL Assets to be acquired include varying ownership interests and contractual rights relating to approximately 2,600 miles of NGL pipelines; approximately 20 million barrels of NGL storage capacity; seven fractionation plants with an aggregate net capacity of approximately 232,000 barrels per day; four straddle plants and two field gas processing plants with an aggregate net capacity of approximately six billion cubic feet (Bcf) per day; and long-term and seasonal NGL inventories of approximately 10 million barrels as of October 1, 2011. Certain of these pipelines and storage assets are currently inactive. The acquired business also includes various third party supply contracts at other field gas processing plants and a supply contract relating to a third-party owned straddle plant with throughput capacity of 2.5 Bcf per day, shipping arrangements on third-party NGL pipelines and long-term leases on 720 rail cars used to move product among various locations. Collectively, these assets and activities provide access to approximately 140,000 to 150,000 barrels per day of NGL supply that are transported through an integrated network to fractionation facilities and markets in Western and Eastern Canada and in the United States. Subject to closing the transaction, we have also entered into an Integrated Supply and Trading Agreement, pursuant to which an affiliate of BP North America will, for a period of two years following the closing of the acquisition, continue to provide sourcing services for gas supply to feed certain of the straddle plants to be acquired as a result of the acquisition.

There can be no assurance that the BP NGL Acquisition will be completed in the anticipated time frame, or at all, or that the anticipated benefits of the BP NGL Acquisition will be realized.

We intend to use the net proceeds of this offering to fund a portion of the consideration for the BP NGL Acquisition. Pending the application of the net proceeds to fund the BP NGL Acquisition, we intend to use the net proceeds for general partnership purposes. If the BP NGL Acquisition is not consummated for any reason, we may use the net proceeds for general partnership purposes, including future acquisitions and capital program expenditures. Alternatively, if the BP NGL Acquisition is not closed on or prior to June 1, 2012 or the acquisition agreement relating thereto is terminated on an earlier date, we may use all or a portion of the net proceeds, together with any additional funds we may provide, as necessary, to fund the special optional redemption of either or both series of Notes. See Description of Notes Special Optional Redemption.

We currently have sufficient available borrowing capacity under our revolving credit facilities to fund all of the consideration required to close the BP NGL Acquisition.

Our Principal Executive Offices

Our executive offices are located at 333 Clay Street, Suite 1600, Houston, Texas 77002. Our telephone number is (713) 646-4100. We maintain a website at *www.paalp.com* that provides information about our business and operations. Information contained on or available through our website is not incorporated into or otherwise a part of this prospectus supplement or the accompanying prospectus.

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, 2011, which is incorporated by reference herein. Please refer to the section in this prospectus supplement entitled Where You Can Find More Information.

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THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement and the Description of Our Debt Securities section of the accompanying prospectus contain a more detailed description of the terms of the Notes.

Issuers	Plains All American Pipeline, L.P. and PAA Finance Corp.
	PAA Finance Corp., a Delaware corporation, is a 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. does not have operations of any kind and will not have any revenue other than as may be incidental to its activities as a co-issuer of our debt securities.
Future Guarantees	Initially, the Notes will not be guaranteed by any subsidiaries of the issuers. In the future, however, if any subsidiaries guarantee any of the issuers other debt, then those subsidiaries will, jointly and severally, fully and unconditionally guarantee the issuers payment obligations under the Notes. Please read Description of Notes Possible Future Guarantees.
Notes offered	$ aggregate principal amount of % Senior Notes due 2022.
	$ aggregate principal amount of % Senior Notes due 2042.
Maturity date	For the 2022 Notes: , 2022.
	For the 2042 Notes: , 2042.
Interest rate	For the 2022 Notes: %.
	For the 2042 Notes: %.
Interest payment dates	We will pay interest on the Notes of each series semi-annually in arrears on and of each year, beginning on , 2012.
Optional redemption	We may redeem either or both series of Notes, in whole or in part, at any time and from time to time prior to maturity. If we redeem the 2022 Notes before , 2022 (three months prior to their maturity date) or the 2042 Notes before , 2041 (six months prior to their maturity date), such Notes may be redeemed at a price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal of and

interest on the Notes to be redeemed, discounted to the redemption date on a semiannual basis at the Adjusted Treasury Rate (as defined herein)

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	plus basis points for the 2022 Notes and basis points for the 2042 Notes, together with accrued interest to the date of redemption. If we redeem the 2022 Notes on or after , 2022 (three months prior to their maturity date) or the 2042 Notes on or after , 2041 (six months prior to their maturity date), the redemption price will equal 100% of the principal amount of the Notes to be redeemed plus accrued interest to the redemption date. See Description of Notes Optional Redemption.
Special Optional Redemption	If the BP NGL Acquisition is not closed on or prior to June 1, 2012 or the acquisition agreement relating to the acquisition is terminated earlier, we have the option to redeem all, but not less than all, of either or both series of Notes at a redemption price equal to 101% of the aggregate principal amount of such series of Notes, plus accrued and unpaid interest to the date of redemption. See Description of Notes Special Optional Redemption.
Ranking	The Notes will be general senior unsecured obligations of the issuers and will rank equally in right of payment with the existing and future senior indebtedness of the issuers.
Certain covenants	The Notes will be issued under an indenture containing covenants for your benefit. These covenants restrict our ability, with certain exceptions, to:
	incur liens on principal properties to secure debt;
	engage in sale-leaseback transactions; and
	merge or consolidate with another entity or sell, lease or transfer substantially all of our properties or assets to another entity.
	See Description of Notes Covenants.
Use of proceeds	The net proceeds of this offering are expected to be approximately $ million after deducting the underwriting discount and our estimated offering expenses. We expect to use the net proceeds from this offering to fund a portion of the consideration for the BP NGL Acquisition. Pending the application of the net proceeds to fund the BP NGL Acquisition, we intend to use the net proceeds for general partnership purposes. If the BP NGL Acquisition is not consummated for any reason, we may use the net proceeds for general partnership purposes, including future acquisitions and capital program expenditures. Alternatively, if the BP NGL Acquisition is not closed on or prior to June 1, 2012 or the acquisition agreement relating thereto is terminated on an earlier date, we may use all or a portion of the net proceeds, together with any additional funds we may provide, as necessary, to fund the special optional redemption of either or both series of Notes.
Book entry, delivery and form	The Notes of each series will be represented by one or more permanent global certificates in fully registered form deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company.

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Further issuances	We may create and issue additional Notes of either series ranking equally and ratably with that same series of Notes offered by this prospectus supplement in all respects, so that such additional Notes will be consolidated and form a single series with such Notes and will have the same terms, as to status, redemption or otherwise except for the issue date, the initial interest payment date, if applicable, and the payment of interest accruing prior to the issue date of such additional Notes.
No listing	The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes. See Risk Factors Your ability to transfer the Notes may be limited by the absence of an organized trading market.
Governing law	New York.
Trustee	U.S. Bank National Association.
Risk factors	Investing in the Notes involves risks. You should consider carefully all of the information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. In particular, you should consider carefully the specific risks set forth in Risk Factors beginning on page S-7 of this prospectus supplement and beginning on page 6 of the accompanying prospectus.

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RISK FACTORS

Before making an investment in the Notes offered hereby, you should carefully consider the risk factors included below, as well as the risk factors beginning on page 6 of the accompanying prospectus and those included in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 001-14569), which is incorporated into 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 value of the Notes could decline, and you could lose all or part of your investment.

Risks Related to the Notes

Your right to receive payments on the Notes is unsecured and will be effectively subordinated to our existing and future secured indebtedness and will be structurally subordinated as to any existing and future indebtedness and other obligations of our subsidiaries, other than subsidiaries that may guarantee the Notes in the future.

The Notes are effectively subordinated to claims of our secured creditors and to any existing and future indebtedness and other obligations of our subsidiaries, including trade payables, other than subsidiaries that may guarantee the Notes in the future. As of December 31, 2011, on an as adjusted basis as described under Capitalization, the Notes would have been effectively subordinated to $75 million of our short-term secured indebtedness and structurally subordinated to all of our subsidiaries indebtedness, which totaled approximately $326 million at that date, and other obligations, including trade payables. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a subsidiary, other than a subsidiary that may guarantee the Notes in the future, 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. As of December 31, 2011, on an as adjusted basis as described under Capitalization, our total outstanding long-term debt was approximately $5.4 billion, and our total outstanding short-term debt was approximately $1.0 billion. See Capitalization. Various limitations in our credit facilities and other 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.

Our leverage could have important consequences to investors in the Notes. We will require substantial cash flow to meet our principal and interest obligations with respect to the Notes and our other consolidated indebtedness. Our ability to make scheduled payments, to refinance our obligations with respect to our indebtedness or our ability to obtain additional financing in the future will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors. We believe that we will have sufficient cash flow from operations and available borrowings under our bank credit facility to service our indebtedness, although the principal amount of the Notes of each series will likely need to be refinanced at maturity in whole or in part. A significant downturn in the hydrocarbon industry or other development adversely affecting our cash flow could materially impair our ability to service our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to refinance all or a portion of our debt or sell assets. We can give no assurance that we would be able to refinance our existing indebtedness or sell assets on terms that are commercially reasonable.

Our leverage may adversely affect our ability to fund future working capital, capital expenditures and other general partnership requirements, future acquisition, construction or development activities, or to otherwise fully realize the value of our assets and opportunities because of the need to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness. Our leverage may also make our results of operations more susceptible to adverse economic and industry conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have less debt.

Your ability to transfer the Notes may be limited by the absence of an organized trading market.

The Notes of each series will be new securities for which currently there is no organized trading market. We do not currently intend to apply for listing of the Notes on any securities exchange or other market. Although certain of the underwriters have informed us that they currently intend to make a market in the Notes of each series, they are not obligated to do so. In addition, the underwriters may discontinue any such market making at any time without notice. The liquidity of any market for the Notes of either series will depend on the number of holders of the Notes, the interest of securities dealers in making a market in those Notes and other factors. Accordingly, we can give no assurance as to the development, continuation or liquidity of any market for the Notes of either series.

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 ownership interests 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 our credit facilities, we may be required to establish cash reserves for the future payment of principal and interest on the amounts outstanding under our credit facilities. If we are unable to obtain the funds necessary to pay the principal amount at maturity of the Notes of either series, we may be required to adopt one or more alternatives, such as a refinancing of such Notes. We cannot assure you that we would be able to refinance the Notes of either series.

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the Notes of either series or to repay them at maturity.

Unlike a corporation, our partnership agreement requires us to distribute, on a quarterly basis, 100% of our available cash to our unitholders of record and our general partner. Available cash is generally all of our cash receipts adjusted for cash distributions and net changes to reserves. Our general partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves or the reserves of our operating partnerships in amounts the general partner determines in its reasonable discretion to be necessary or appropriate:

- to provide for the proper conduct of our business and the businesses of our operating partnerships (including reserves for future capital expenditures and for our anticipated future credit needs);
- to provide funds for distributions to our unitholders and the general partner for any one or more of the next four calendar quarters; or
- to comply with applicable law or any of our loan or other agreements.

Although our payment obligations to our unitholders are subordinate to our payment obligations to you, the value of our units will decrease in direct correlation with decreases in the amount we distribute per unit. Accordingly, if we experience a liquidity problem in the future, we may not be able to issue equity to recapitalize.

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USE OF PROCEEDS

The net proceeds of this offering are expected to be approximately $ million after deducting the underwriting discount and our estimated offering expenses. We intend to use the net proceeds of this offering to fund a portion of the consideration for the BP NGL Acquisition. Pending the application of the net proceeds to fund the BP NGL Acquisition, we intend to use the net proceeds for general partnership purposes. If the BP NGL Acquisition is not consummated for any reason, we may use the net proceeds for general partnership purposes, including future acquisitions and capital program expenditures. Alternatively, if the BP NGL Acquisition is not closed on or prior to June 1, 2012 or the acquisition agreement relating thereto is terminated on an earlier date, we may use all or a portion of the net proceeds, together with any additional funds we may provide, as necessary, to fund the special optional redemption of either or both series of Notes. See Description of Notes Special Optional Redemption.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis. For purposes of computing the ratio of earnings to fixed charges, earnings consist of pre-tax income from continuing operations before income from equity investees plus fixed charges (excluding capitalized interest), distributed income of equity investees and amortization of capitalized interest. Fixed charges represent interest incurred (whether expensed or capitalized), amortization of debt expense (including discounts and premiums relating to indebtedness) and the portion of rental expense on operating leases deemed to be the equivalent of interest.

	Years Ended December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
Ratio of earnings to fixed charges(1)	4.13x	2.57x	3.00x	2.60x	2.45x

(1) Includes interest costs attributable to borrowings for hedged inventory purchases of $20 million, $17 million, $11 million, $21 million and $44 million for the years ended December 31, 2011, 2010, 2009, 2008 and 2007, respectively.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2011:

- on a historical basis;

- on an as adjusted basis to give effect to (i) the closing of the BP NGL Acquisition, assuming such acquisition is funded in part by borrowings under our credit facilities, and (ii) the application of our March 2012 offering of 5,750,000 common units, including 750,000 common units issued pursuant to the exercise of the underwriters option to purchase additional common units and the application of the net proceeds therefrom to fund a portion of the consideration for the BP NGL Acquisition; and

- on an as further adjusted basis to give effect to the sale of the Notes offered hereby and the application of the net proceeds therefrom as described under Use of Proceeds in this prospectus supplement.

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 March 12, 2012, including the effect of repayments using a portion of the net proceeds of our March 2012 equity offering (pending their final use to fund a portion of the BP NGL Acquisition), we had approximately $30.2 million, no borrowings and $328.2 million outstanding under our PAA revolving credit facility, our PAA senior secured hedged inventory facility and the PNG senior unsecured credit facility, respectively.

	As of December 31, 2011		
	Historical	As Adjusted (in millions)	As Further Adjusted
CASH AND CASH EQUIVALENTS	$ 26	$ 26	$ 26
SHORT-TERM DEBT			
PAA senior secured hedged inventory facility	$ 75	$ 75	$ 75
PAA senior unsecured revolving credit facility (1)	32	332	332
PNG senior unsecured revolving credit facility (2)	68	68	