

ROCKY MOUNTAIN PIPELINE SYSTEM LLC

Form 424B5

September 02, 2009

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**Prospectus supplement  
To prospectus dated December 11, 2008**

Filed pursuant to Rule 424(b)(5)  
Registration No. 333-155671

**Plains All American Pipeline, L.P.  
PAA Finance Corp.  
\$500,000,000  
5.75% Senior Notes due 2020**

Plains All American Pipeline, L.P. and PAA Finance Corp. are offering \$500,000,000 aggregate principal amount of 5.75% Senior Notes due 2020 (the Notes).

We will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2010. The Notes will mature on January 15, 2020, unless redeemed prior to the maturity date.

We may, at our option, redeem the Notes 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.

The Notes will be our unsecured senior obligations. Initially, the Notes will be fully and unconditionally guaranteed by all of our existing subsidiaries other than (i) PAA Finance Corp., the co-issuer of the Notes, (ii) PAA/Vulcan Gas Storage, LLC and its subsidiaries, (iii) subsidiaries regulated by the California Public Utilities Commission and (iv) subsidiaries that are minor. Subsidiaries acquired in the future may or may not become guarantors, but any subsidiary that guarantees other indebtedness of ours or another subsidiary must also guarantee the Notes. The guarantees are also subject to release in certain circumstances. The Notes and the guarantees will rank equally with any other unsecured senior indebtedness of Plains All American Pipeline, L.P., PAA Finance Corp. and the subsidiary guarantors from time to time outstanding.

**Investing in the Notes involves risks. See Risk factors on page S-8 of this prospectus supplement and beginning on page 5 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.**

|   | <b>Per Note</b> | <b>Total</b>   |
|---|-----------------|----------------|
| Public offering price(1)  | 99.523%         | \$ 497,615,000 |
| Underwriting discount   | 0.650%          | \$ 3,250,000   |
| Proceeds, before expenses, to Plains All American Pipeline, L.P.(1) | 98.873%         | \$ 494,365,000 |

(1) Plus accrued interest, if any, from September 4, 2009 if settlement occurs after that date.

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

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



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### Prospectus

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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 is the accompanying prospectus, which 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 in this prospectus supplement varies from statements in the accompanying prospectus, you should rely on the information in this 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. We are not 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.**

**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 our 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 success 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;

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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;

unanticipated changes in crude oil market structure 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 deteriorated 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, beginning on page 5 of the accompanying prospectus and in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

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**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 beginning on page S-8 of this prospectus supplement, on page 5 of the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2008 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, 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. In addition, through our 50% equity ownership in PAA/Vulcan Gas Storage, LLC we are involved in the development and operation of natural gas storage facilities. We refer to PAA/Vulcan Gas Storage, LLC as PNGS in this prospectus supplement. See Recent developments for a discussion of our recent agreement to acquire the remaining 50% interest in PNGS, which we expect to close on September 3, 2009.

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) Marketing.

*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. As of June 30, 2009, we employed a variety of owned or leased long-term physical assets throughout the United States and Canada in this segment, including approximately:

17,000 miles of active crude oil and refined products pipelines and gathering systems;

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

1 million barrels of crude oil linefill in pipelines owned by us;

86 trucks and 341 trailers; and

65 transport and storage barges and 36 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 and Settoon Towing, 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 and LPG, as well

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as LPG fractionation and isomerization services. As of June 30, 2009, we owned and employed a variety of long-term physical assets throughout the United States and Canada in this segment, including:

approximately 55 million barrels of crude oil and refined products capacity primarily at our terminalling and storage locations;

approximately 6 million barrels of LPG storage capacity; 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.

At June 30, 2009, we were in the process of constructing approximately 5 million barrels of additional above-ground crude oil and refined product terminalling and storage facilities.

Our facilities segment also includes our investment in PNGS. At June 30, 2009, PNGS owned and operated approximately 40 billion cubic feet ( Bcf ) of natural gas storage capacity at its Bluewater facility in Michigan and Pine Prairie facility in South Louisiana. At the Pine Prairie facility, 14 Bcf of storage capacity has been placed in service and an additional 10 Bcf is under construction. Pine Prairie Energy Center, LLC has received approvals from the Federal Energy Regulatory Commission and the Louisiana Department of Natural Resources for an additional 24 Bcf of high-deliverability salt-cavern storage capacity, which would increase the permitted capacity at Pine Prairie to 48 Bcf.

*Marketing segment.* Our marketing 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 our marketing activities 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.

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.

In addition to substantial working inventories associated with its merchant activities, as of June 30, 2009, our marketing 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 marketing segment also employs a variety of owned or leased physical assets throughout the United States and Canada, including approximately:

8 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;

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528 trucks and 631 trailers; and

1,697 railcars.

In connection with its operations, the marketing 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 marketing 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 marketing segment are affected by seasonal aspects, primarily with respect to LPG marketing 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 marketing 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 and LPG in the United States and Canada by combining the strategic location and capabilities of our transportation, terminalling and storage assets with our extensive marketing 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 Cushing Terminal and leased assets, to optimize our presence in the waterborne importation of foreign crude oil;

expanding our presence in the refined products supply and marketing sector;

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 marketing activities to capitalize on inefficient energy markets and to address physical market imbalances, mitigate inherent risks and increase margin.

PNGS's natural gas storage assets are also well-positioned to benefit from long-term industry trends and opportunities. See Recent developments. PNGS's growth strategies are to develop and implement internal growth projects and to selectively pursue strategic and accretive natural gas storage projects and facilities. 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.

**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

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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); and

an average adjusted EBITDA-to-interest coverage multiple of approximately 3.3x or better.

The first two of these three metrics include long-term debt as a critical measure. In certain market conditions, we also incur short-term debt in connection with marketing 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 June 30, 2009 and for the six months then ended, we were in line with our targeted metrics.

*Credit rating.* As of August 28, 2009, our senior unsecured ratings with Standard & Poor's Ratings Services and Moody's Investors Service were BBB-, stable outlook, and Baa3, stable outlook, respectively, both of which are considered investment grade ratings. We have targeted the attainment of stronger investment grade ratings of mid- to high-BBB and Baa categories for Standard & Poor's and Moody's, respectively. However, our current ratings might not remain in effect for any given period of time, we might not be able to attain the higher ratings we have targeted and one or both of these ratings might be lowered or withdrawn entirely by the rating agencies. Note that a credit rating is not a recommendation to buy, sell or hold securities, and may be revised or withdrawn at any time.

## **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 marketing activities are counter-cyclically balanced.* We believe the variety of activities provided by our marketing 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.

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*We have the evaluation, integration and engineering skill sets and the financial flexibility to continue to pursue acquisition and expansion opportunities.* Over the past eleven years, we have completed and integrated approximately 54 acquisitions with an aggregate purchase price of approximately \$6.1 billion. We have also implemented internal expansion capital projects totaling approximately \$1.9 billion through June 30, 2009. In addition, we believe we have resources to finance future strategic expansion and acquisition opportunities. As of August 28, 2009, we had approximately \$1.5 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 15 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**

*PNGS Acquisition.* On August 27, 2009, we announced that we had signed definitive agreements under which one of our subsidiaries will acquire the remaining 50% interest in PNGS (the PNGS Acquisition ) from Vulcan Gas Storage LLC ( Vulcan ), which will result in our ownership of a 100% interest in PNGS. The purchase price for the transaction is \$220 million, consisting of \$90 million in cash paid at closing, \$90 million in equivalent value of our common units (1,907,305 common units based on a 20 business-day average closing price per unit) to be issued to Vulcan at closing, and up to \$40 million of deferred/contingent cash consideration. The deferred/contingent consideration is payable in cash in two installments of \$20 million each upon the achievement of certain performance milestones and events expected to occur over the next several years. Closing is expected to occur on September 3, 2009. Accordingly, the closing of the PNGS Acquisition is expected to occur after the date of this prospectus supplement but before the closing of this offering.

As a result of the PNGS Acquisition, 100% of the natural gas storage business and related operating entities will be accounted for on a consolidated basis. At the closing of the PNGS Acquisition, we will repay all of PNGS's outstanding debt using cash of PNGS and borrowings under our revolving credit facility. See Use of proceeds. As of August 28, 2009, PNGS had approximately \$446 million of debt outstanding and approximately \$34 million of cash.

The closing of this offering is not contingent upon the closing of the PNGS Acquisition. Accordingly, if you decide to purchase the Notes, you should be willing to do so whether or not we complete the PNGS Acquisition.

## **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, 2008, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. 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                | <p>Plains All American Pipeline, L.P. and PAA Finance Corp.</p> <p>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.</p>  |
| Guarantees             | <p>Initially, all payments with respect to the Notes (including principal and interest) will be fully and unconditionally guaranteed, jointly and severally, by all of our existing subsidiaries other than (i) PAA Finance Corp., the co-issuer of the Notes, (ii) PNGS and its subsidiaries, (iii) subsidiaries regulated by the California Public Utilities Commission and (iv) subsidiaries that are minor. Subsidiaries acquired in the future may or may not become guarantors, but any subsidiary that guarantees other indebtedness of ours or another subsidiary must also guarantee the Notes. The guarantees are also subject to release in certain circumstances. The guarantees of the Notes are general unsecured obligations of the subsidiary guarantors and rank equally with any existing and future senior unsecured indebtedness of the subsidiary guarantors. See Description of Notes The guarantees.</p> |
| Notes offered          | \$500 million aggregate principal amount of 5.75% Senior Notes due 2020.  |
| Maturity date          | January 15, 2020.   |
| Interest payment dates | We will pay interest on the Notes semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2010.   |
| Optional redemption    | We may redeem the Notes, in whole or in part, at any time and from time to time 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 semi annual basis at the Adjusted Treasury Rate (as defined herein) plus 35 basis points, together with accrued interest to the date of redemption. See Description of Notes 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:

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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.

Use of proceeds

We expect the net proceeds of this offering to be approximately \$494 million after deducting the underwriters' discounts and commissions and our estimated offering expenses. We expect to use the net proceeds from this offering to repay outstanding borrowings under our credit facilities, a portion of which will have been incurred to fund the cash requirements of the PNGS Acquisition (which will include repayment of all of PNGS's debt). Amounts repaid under our credit facilities may be reborrowed for general partnership purposes, including providing partial funding for the potential redemption of our outstanding 7.13% senior notes due 2014. Affiliates of certain underwriters are lenders under our credit facilities, and accordingly, may receive a portion of the proceeds from this offering pursuant to the repayment of borrowings under such facilities. Please read "Underwriting" in this prospectus supplement for further information.

Book entry, delivery and form

The Notes 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.

Further issuances

We may create and issue additional Notes ranking equally and ratably with the Notes offered by this prospectus supplement in all respects, so that such additional Notes will be consolidated and form a single series with the 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.

Governing law

New York.

Trustee

U.S. Bank National Association.

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**Risk factors**

*Before making an investment in the Notes offered hereby, you should carefully consider the risk factors beginning on page 5 of the accompanying prospectus and the risk factors included below and those included in Item 1A. Risk Factors in our annual report on Form 10-K for the year ended December 31, 2008, 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 and subsidiary guarantees is unsecured and will be effectively subordinated to our and our subsidiary guarantors' 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. As of June 30, 2009, on a pro forma basis as described under Capitalization, and as further adjusted to give effect to this offering and the application of the net proceeds therefrom as described under Use of proceeds, the Notes and the guarantees would have been effectively subordinated to \$0.4 billion of short-term secured indebtedness.

Although our subsidiaries other than (i) PAA Finance Corp., the co-issuer of the Notes, (ii) PNGS and its subsidiaries, (iii) subsidiaries regulated by the California Public Utilities Commission and (iv) minor subsidiaries, will initially guarantee the Notes, the guarantees are subject to release under certain circumstances and in the future we may have other subsidiaries that are not guarantors. The Notes will 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. As of June 30, 2009, on a pro forma basis as described under Capitalization, and as further adjusted to give effect to this offering and the application of the net proceeds therefrom as described under Use of proceeds, our total outstanding long-term debt, including the portion of our revolving credit facility classified as short-term, was approximately \$4.4 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 will likely need to be refinanced at maturity in whole or in part. However, 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

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assurance that we would be able to refinance our existing indebtedness or sell assets on terms that are commercially reasonable. In addition, if one or more rating agencies were to lower our debt ratings, we could be required by some of our counterparties to post additional collateral, which would reduce our available liquidity and cash flow.

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.

***A court may use fraudulent conveyance considerations to avoid or subordinate the subsidiary guarantees.***

Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use fraudulent conveyance laws to subordinate or avoid the subsidiary guarantees of the Notes issued by any of our subsidiary guarantors. It is also possible that under certain circumstances a court could hold that the direct obligations of a subsidiary guaranteeing the Notes could be superior to the obligations under that guarantee.

A court could avoid or subordinate the guarantee of the Notes by any of our subsidiaries in favor of that subsidiary's other debts or liabilities to the extent that the court determined either of the following were true at the time the subsidiary issued the guarantee:

that subsidiary incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or that subsidiary contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or

that subsidiary did not receive fair consideration or reasonable equivalent value for issuing the guarantee and, at the time it issued the guarantee, that subsidiary:

was insolvent or rendered insolvent by reason of the issuance of the guarantee;

was engaged or about to engage in a business or transaction for which the remaining assets of that subsidiary constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, an entity would be considered insolvent for purposes of the foregoing if the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation, or if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and matured.

Among other things, a legal challenge of a subsidiary's guarantee of the Notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by that subsidiary as a result of our issuance of the Notes. To the extent a subsidiary's guarantee of the Notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the note holders would cease to have any claim in respect of that guarantee.

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

The Notes 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

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of the underwriters have informed us that they currently intend to make a market in the Notes, 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 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.

***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, 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.

***We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the Notes 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.



**Table of Contents****Use of proceeds**

We expect the net proceeds of this offering to be approximately \$494 million after deducting the underwriters discounts and commissions and our estimated offering expenses. We expect to use the net proceeds from this offering to repay outstanding borrowings under our credit facilities, a portion of which will have been incurred to fund the cash requirements of the PNGS Acquisition (which will include repayment of all of PNGS's debt). Amounts repaid under our credit facilities may be reborrowed for general partnership purposes, including providing partial funding for the potential redemption of our outstanding 7.13% senior notes due 2014. Affiliates of certain underwriters are lenders under our credit facilities, and accordingly, may receive a portion of the proceeds from this offering pursuant to the repayment of borrowings under such facilities. Please read "Underwriting" in this prospectus supplement for further information.

At August 28, 2009, we had approximately \$0.5 billion of debt outstanding under our credit facilities with a weighted average interest rate of approximately 1.6%. At August 28, 2009, PNGS had approximately \$446 million of debt outstanding under its credit facilities with a weighted average interest rate, including the effect of interest rate hedges, of approximately 5.3%.

The closing of this offering is not contingent upon the closing of the PNGS Acquisition. Accordingly, if you decide to purchase the Notes, you should be willing to do so whether or not we complete the PNGS Acquisition. If we do not complete the PNGS Acquisition, we will use the net proceeds from this offering for general partnership purposes, which may include repayment of outstanding borrowings under our credit facilities, and we may use a portion of the net proceeds to redeem our outstanding 7.13% senior notes due 2014.

**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 and pro forma basis. For purposes of computing the ratio of earnings to fixed charges, earnings consist of pretax income from continuing operations plus fixed charges (excluding capitalized interest). Fixed charges represent interest incurred (whether expensed or capitalized), amortization of debt expense and that portion of rental expense on operating leases deemed to be the equivalent of interest.

|   | <b>Historical</b> |                                 |             |             |             | <b>Pro Forma<sup>(1)</sup></b> |                     |                 |
|---|-------------------|---------------------------------|-------------|-------------|-------------|--------------------------------|---------------------|-----------------|
|   |                   | <b>Years Ended December 31,</b> |             |             |             | <b>Six</b>                     | <b>Year</b>         | <b>Six</b>      |
|   | <b>2004</b>       | <b>2005</b>                     | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>Months</b>                  | <b>Ended</b>        | <b>Months</b>   |
|   |                   |                                 |             |             |             | <b>Ended</b>                   | <b>December 31,</b> | <b>Ended</b>    |
|   |                   |                                 |             |             |             | <b>June 30,</b>                | <b>2008</b>         | <b>June 30,</b> |
|   |                   |                                 |             |             |             | <b>2009</b>                    |                     | <b>2009</b>     |
| Ratio of Earnings to Fixed Charges <sup>(2)</sup> | 3.37x             | 3.34x                           | 2.83x       | 2.45x       | 2.60x       | 3.55x                          | 2.48x               | 3.20x           |

(1) Gives effect to (i) our July 2009 debt offering and the application of the net proceeds therefrom, (ii) repayment of \$175 million of 4.75% senior notes upon maturity in August 2009 and (iii) this offering and the application of the net proceeds therefrom as of the beginning of each pro forma period presented. See "Use of proceeds."

- (2) Includes interest costs attributable to borrowings for inventory stored in a contango market of \$2 million, \$24 million, \$49 million, \$44 million and \$21 million for each of the years ended December 31, 2004, 2005, 2006, 2007 and 2008, respectively, \$5 million for the six months ended June 30, 2009, \$15 million for the pro forma year ended December 31, 2008 and \$2 million for the pro forma six months ended June 30, 2009.

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**Table of Contents****Capitalization**

The following table sets forth our capitalization as of June 30, 2009 (i) on a historical basis, (ii) on a pro forma basis to give effect to (x) our public offering of \$500 million of senior notes in July 2009 and the application of the net proceeds therefrom (approximately \$497 million) to reduce outstanding borrowings under our credit facilities, (y) the repayment of \$175 million of 4.75% senior notes upon maturity in August 2009, and (z) the PNGS Acquisition and related repayment of PNGS indebtedness; and (iii) as adjusted 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 August 28, 2009, we had approximately \$0.5 billion of debt outstanding under our credit facilities with a weighted average interest rate of approximately 1.6%. At August 28, 2009, PNGS had approximately \$446 million of debt outstanding under its credit facilities with a weighted average interest rate, including the effect of interest rate hedges, of approximately 5.3%. See "Use of proceeds."

|  | <b>As of June 30, 2009</b> |                                |  |
|--|----------------------------|--------------------------------|--|
|  | <b>Historical</b>          | <b>Pro Forma<sup>(1)</sup></b> | <b>As Adjusted<br/>for<br/>this Offering</b> |
|  | <b>(In millions)</b>       |                                |  |
| <b>CASH AND CASH EQUIVALENTS</b>                                       | \$ 7                       | \$ 7                           | \$ 7   |
| <b>SHORT-TERM DEBT</b>   |                            |                                |  |
| Hedged inventory facility  | \$ 436                     | \$ 436                         | \$ 436                                       |
| Working capital borrowings <sup>(2)</sup>                              | 325                        | 3                              | 3  |
| 4.75% Senior notes due 2009 net of unamortized discount <sup>(3)</sup> | 175                        |                                |  |
| Other  | 2                          | 2                              | 2  |
| Total short-term debt  | \$ 938                     | \$ 441                         | \$ 441                                       |
| <b>LONG-TERM DEBT</b>  |                            |                                |  |
| Long-term debt under credit facilities and other <sup>(2)</sup>        | \$ 4                       | \$ 505                         | \$ 11  |
| 4.25% Senior notes due 2012  |                            | 500                            | 500  |
| 7.75% Senior notes due 2012  | 200                        | 200                            | 200  |
| 5.63% Senior notes due 2013  | 250                        | 250                            | 250  |
| 7.13% Senior notes due 2014 <sup>(4)</sup>                             | 250                        | 250                            | 250  |
| 5.25% Senior notes due 2015  | 150                        | 150                            | 150  |
| 6.25% Senior notes due 2015 <sup>(4)</sup>                             | 175                        | 175                            | 175  |
| 5.88% Senior notes due 2016  | 175                        | 175                            | 175  |
| 6.13% Senior notes due 2017  | 400                        | 400                            | 400  |
| 6.50% Senior notes due 2018  | 600                        | 600                            | 600  |
| 8.75% Senior notes due 2019  | 350                        | 350                            | 350  |
| 6.70% Senior notes due 2036  | 250                        | 250                            | 250  |
| 6.65% Senior notes due 2037  | 600                        | 600                            | 600  |
| Senior notes offered hereby  |                            |                                | 500  |
| Unamortized premium/(discount), net                                    | (6)                        | (7)                            | (9)  |

|   |          |          |          |
|---|----------|----------|----------|
| Total long-term debt                                      | \$ 3,398 | \$ 4,398 | \$ 4,402 |
| <b>PARTNERS CAPITAL</b>                                   |          |          |          |
| Common unitholders  | \$ 3,558 | \$ 3,648 | \$ 3,648 |
| General partner   | 85       | 87       | 87       |
| Total partners capital, excluding noncontrolling interest | \$ 3,643 | \$ 3,735 | \$ 3,735 |
| Noncontrolling interest                                   | 63       | 63       | 63       |
| Total partners capital                                    | \$ 3,706 | \$ 3,798 | \$ 3,798 |
| Total capitalization                                      | \$ 7,104 | \$ 8,196 | \$ 8,200 |

- (1) See exhibit 99.2 to the Form 8-K we furnished on August 28, 2009 for additional information regarding the unaudited pro forma condensed combined balance sheet as of June 30, 2009. The information included in that exhibit is not incorporated by reference into this prospectus supplement.
- (2) At June 30, 2009, we had classified \$325 million of borrowings under our senior unsecured revolving credit facility as short-term. These borrowings were designated as working capital borrowings, must be repaid within one year and are primarily for hedged LPG and crude oil inventory and NYMEX and ICE margin deposits.
- (3) In August 2009, our \$175 million 4.75% senior notes matured and were repaid.
- (4) The Notes offered hereby will be issued under a separate base indenture than that under which such indicated series were issued. Amounts repaid under our credit facilities may be reborrowed for general partnership purposes, including providing partial funding for the potential redemption of our outstanding 7.13% senior notes due 2014.

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**Description of Notes**

We will issue the Notes under an indenture (the **Base Indenture** ) dated as of September 25, 2002, among us, the subsidiary guarantors and U.S. Bank National Association, as successor trustee, and a supplemental indenture thereto to be dated as of September 4, 2009 (such supplemental indenture, together with the Base Indenture, the **Indenture** ). The Notes will constitute a new series of debt securities under the Indenture, and ten other series are now outstanding under the Base Indenture, each issued under a separate supplemental indenture.

As used in this description, the terms **we**, **us** and **our** refer to Plains All American Pipeline, L.P. and PAA Finance Corp. as co-issuers of the Notes and not to any of their subsidiaries or affiliates, and references to **Plains All American Pipeline** are to Plains All American Pipeline, L.P. Other capitalized terms that are used in this section of the prospectus supplement have the meanings assigned to them in the Indenture, and we have included some of those definitions at the end of this section. See **Definitions**. Also, in this section, the term **holders** means The Depository Trust Company or its nominee and not the persons who own beneficial interests in the Notes through participants in The Depository Trust Company. Please review the special considerations that apply to beneficial owners under **Book entry, delivery and form**.

The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. We urge you to read the Indenture because it, and not this description, defines your rights as a holder of Notes. You may request copies of the Indenture from us as set forth under **Where you can find more information**.

This description is intended to be an overview of the material provisions of the Notes and is intended to supplement and, to the extent of any inconsistency, replace the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which we refer you. Since this description is only a summary, you should refer to the Indenture for a complete description of our obligations and your rights.

**General description of the Notes and the guarantees**

The Notes will be:

our senior unsecured indebtedness ranking equally in right of payment with all of our existing and future unsubordinated debt;

unconditionally guaranteed by the subsidiary guarantors;

a new series of debt securities issued under the Indenture;

non-recourse to our general partner;

senior in right of payment to any of our future subordinated debt;

effectively junior to any of our existing and future secured debt, to the extent of the security for that debt; and

effectively junior to any existing and future debt of our subsidiaries that do not guarantee the Notes.

Initially our obligations under the Notes will be jointly and severally guaranteed by all of the existing subsidiaries of Plains All American Pipeline other than PAA Finance Corp., PNGS and its subsidiaries, subsidiaries regulated by the California Public Utilities Commission and subsidiaries that are minor, which we sometimes refer to collectively as the non-guarantor subsidiaries. Each guarantee by a subsidiary guarantor of the Notes will be:

a general unsecured obligation of that subsidiary guarantor;

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equal in right of payment with all other existing and future unsubordinated debt of that subsidiary guarantor;  
senior in right of payment to any future subordinated debt of that subsidiary guarantor; and  
effectively junior to any secured debt of that subsidiary guarantor, to the extent of the security for that debt.

As of June 30, 2009, on a pro forma basis as described under Capitalization, and as further adjusted to give effect to this offering and the application of the net proceeds therefrom as described under Use of proceeds, the Notes and the guarantees would have been effectively subordinated to \$0.4 billion of short-term secured indebtedness. See Risk factors Risks related to the Notes Your right to receive payments on the Notes and subsidiary guarantees is unsecured and will be effectively subordinated to our and our subsidiary guarantors existing and future secured indebtedness as well as to any existing and future indebtedness of our subsidiaries that do not guarantee the Notes.

The Indenture does not limit the aggregate principal amount of debt securities that may be issued thereunder and provides that debt securities may be issued thereunder from time to time in one or more series. Except to the extent described under Covenants, the Indenture does not limit our ability or the ability of our subsidiaries to incur either secured or unsecured additional indebtedness.

### **Further issuances**

We may, from time to time, without notice to or the consent of the holders of the Notes, create and issue additional notes ranking equally and ratably with the Notes offered hereby in all respects, so that such additional notes form a single series with the Notes and have the same terms as to status, redemption or otherwise as the Notes (except for the issue date, the initial payment date, if applicable, and the payment of interest accruing prior to the issue date of such additional notes).

### **Principal, maturity and interest**

We will issue the Notes in an initial aggregate principal amount of \$500 million. The Notes will mature on January 15, 2020. The Notes will bear interest at the annual rate of 5.75%. Interest on the Notes will accrue from September 4, 2009 and will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning January 15, 2010. We will make each interest payment to the holders of record at the close of business on the January 1 and July 1 preceding such interest payment dates. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. We will issue the Notes in minimum denominations of \$2,000 and integral multiples of \$1,000.

### **No liability of general partner**

Plains All American Pipeline's general partner and its directors, officers, employees and member (in their capacities as such) will not have any liability for our obligations under the Notes. In addition, the Managing General Partner, and its directors, officers, employees and members, will not have any liability for our obligations under the Notes. By accepting the Notes, each holder waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. This waiver may not be effective, however, to waive liabilities under the federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

### **The guarantees**

Initially, our payment obligations under the Notes will be jointly and severally guaranteed by all of the existing Subsidiaries of Plains All American Pipeline other than the non-guarantor subsidiaries. The obligations of each subsidiary guarantor under its guarantee will be limited to the maximum amount that will, after giving effect to all other contingent and fixed liabilities of the subsidiary guarantor and to any collections from or payments made by or on behalf of any other subsidiary guarantor in respect of the obligations of the

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other subsidiary guarantor under its guarantee, result in the obligations of the subsidiary guarantor under the guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

Provided that no default shall have occurred and shall be continuing under the Indenture, a subsidiary guarantor will be unconditionally released and discharged from its guarantee:

upon any sale or other disposition of all or substantially all of the assets of that subsidiary guarantor, including by way of merger, consolidation or otherwise, to any person that is not our affiliate (provided such sale or other disposition is not prohibited by the Indenture);

upon any sale or other disposition of all of our direct or indirect equity interests in that subsidiary guarantor to any person that is not our affiliate; or

following delivery of a written notice of the release from the guarantee by us to the trustee, upon the release of all guarantees by the subsidiary guarantor of any debt of ours and any Subsidiary of Plains All American Pipeline (other than debt securities issued under the Indenture).

If at any time after the issuance of the Notes, including following any release of a subsidiary guarantor from its guarantee under the Indenture, a Subsidiary of Plains All American Pipeline (including any future Subsidiary) guarantees any of our debt or any debt of Plains All American Pipeline's other Subsidiaries, we will cause such Subsidiary to guarantee the Notes in accordance with the Indenture by simultaneously executing and delivering a supplemental indenture.

At this time we do not anticipate that either PNGS or its subsidiaries will guarantee any of our debt or our subsidiaries debt, and, accordingly, neither PNGS nor its subsidiaries will be required to guarantee the Notes.

## **Optional redemption**

The Notes will be redeemable, in whole or in part, at our option at any time and from time to time prior to maturity at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed, and (b) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of those payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semiannual basis (assuming 360-day years, each consisting of twelve 30-day months), at the Adjusted Treasury Rate plus 35 basis points, in each case together with accrued interest to the date of redemption.

*Adjusted Treasury Rate* means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the date of redemption.

*Comparable Treasury Issue* means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those Notes.

*Comparable Treasury Price* means, with respect to any date of redemption (a) the average of the Reference Treasury Dealer Quotations for the date of redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the trustee obtains fewer than four Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

*Quotation Agent* means a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC or another Reference Treasury Dealer appointed by us.

*Reference Treasury Dealer* means each of Citigroup Global Markets Inc., UBS Securities LLC, a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and one other dealer selected by us that is a Primary Treasury Dealer and each of their successors; provided, however, that if any of

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the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a Primary Treasury Dealer ), we shall substitute another Primary Treasury Dealer.

*Reference Treasury Dealer Quotations* means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that date of redemption.

Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes or portions thereof called for redemption.

On or before a redemption date, we will deposit with a paying agent (or with the trustee) sufficient money to pay the redemption price and accrued interest on the Notes to be redeemed.

If less than all of the Notes are to be redeemed at any time, the trustee will select Notes (or any portion of Notes in integral multiples of \$1,000) for redemption as follows:

if the Notes are listed, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

if the Notes are not so listed or there are no such requirements, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

However, no Note with a principal amount of \$2,000 or less will be redeemed in part. Notice of optional redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note to be redeemed.

## **Events of Default**

Each of the following is an Event of Default with respect to the Notes:

default in payment when due of the principal of or any premium on any Note at maturity, upon redemption or otherwise;

default for 60 days in the payment when due of interest on any Note;

failure by us or, so long as the Notes are guaranteed by a subsidiary guarantor, by such subsidiary guarantor, for 90 days after receipt of notice from the trustee or the holders to comply with any other term, covenant or warranty in the Indenture or the Notes (provided that notice need not be given, and an Event of Default will occur, 90 days after any breach of the covenants described under Consolidation, merger or sale );

default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any debt for money borrowed of us or any of the Subsidiaries of Plains All American Pipeline (or the payment of which is guaranteed by Plains All American Pipeline or any of its Subsidiaries), whether such debt or guarantee now exists or is created after the Issue Date, if (a) that default (x) is caused by a failure to pay principal of or premium, if any, or interest on such debt prior to the expiration of any grace period provided in such debt (a Payment Default ), or (y) results in the acceleration of the maturity of such debt to a date prior to its originally stated maturity, and, (b) in each case described in clause (x) or (y) above, the

principal amount of any such debt, together with the principal amount of any other such debt under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$25 million or more; provided that if any such default is cured or waived or any such acceleration rescinded, or such debt is repaid, within a period of 30 days from the continuation of such default beyond the applicable grace period or the occurrence of such acceleration, as the case may be, such Event of Default and any consequential

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acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;

specified events in bankruptcy, insolvency or reorganization of us or, so long as the Notes are guaranteed by a subsidiary guarantor, by such subsidiary guarantor; or

so long as the Notes are guaranteed by a subsidiary guarantor:

the guarantee by such subsidiary guarantor ceases to be in full force and effect, except as otherwise provided in the Indenture;

the guarantee by such subsidiary guarantor is declared null and void in a judicial proceeding; or

such subsidiary guarantor denies or disaffirms its obligations under the Indenture or its guarantee.

An Event of Default regarding the Notes will not necessarily constitute an Event of Default for any other series of debt securities that may be issued under the Base Indenture. In the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization involving us, but not any subsidiary guarantor, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing with respect to the Notes, the trustee or the holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Within five days after any of our officers becomes aware of the occurrence of any Default (meaning an event that is, or after the giving of notice or passage of time or both would be, an Event of Default) or Event of Default with respect to the Notes, we are required to give an officers' certificate to the trustee specifying the Default or Event of Default and what action we are taking or propose to take to cure it. In addition, we and the subsidiary guarantors are required to deliver to the trustee, within 90 days after the end of each fiscal year, an officers' certificate indicating that we have complied with all covenants contained in the Indenture or whether any Default or Event of Default has occurred during the previous year.

If a Default with respect to the Notes occurs and is continuing and is known to the trustee, the trustee must mail to each holder a notice of the Default within 90 days after the Default occurs. Except in the case of a Default in the payment of principal, premium, if any, or interest with respect to the Notes, the trustee may withhold such notice, but only if and so long as a committee of responsible officers of the trustee in good faith determines that withholding such notice is in the interests of the holders.

**Consolidation, merger or sale**

We will not merge, amalgamate or consolidate with or into any other Person or sell, convey, lease, transfer or otherwise dispose of all or substantially all of our assets to any Person, whether in a single transaction or series of related transactions, except in accordance with the provisions of the partnership agreement of Plains All American Pipeline, and unless:

we are the surviving Person in the case of a merger, or the surviving Person:

is a partnership, limited liability company or corporation organized under the laws of the United States, a state thereof or the District of Columbia, provided that PAA Finance Corp. may not merge, amalgamate or consolidate with or into another Person other than a corporation satisfying such requirement for so long as Plains All American Pipeline is not a corporation; and

expressly assumes, by supplemental indenture in form reasonably satisfactory to the trustee, the due and punctual payment of the principal of, premium, if any, and interest on all of the Notes, and the due and punctual performance or observance of all the other obligations under the Indenture to be performed or observed by us;

immediately after giving effect to the transaction or series of transactions, no Default or Event of Default has occurred and is continuing;

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if we are not the surviving Person, then each subsidiary guarantor, unless such subsidiary guarantor is the Person with which we have consummated a transaction under this provision, shall have confirmed that its guarantee of the Notes shall continue to apply to the obligations under the Notes and the Indenture; and

we have delivered to the trustee an officers certificate and opinion of counsel, each stating that the merger, amalgamation, consolidation, sale, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required, the supplemental indenture, comply with the Indenture and all other conditions precedent to the transaction have been complied with.

Thereafter, the surviving Person will be substituted for us under the Indenture. If we sell or otherwise dispose of (except by lease) all or substantially all of our assets and the above stated requirements are satisfied, we will be released from all our liabilities and obligations under the Indenture. If we lease all or substantially all of our assets, we will not be so released from our obligations under the Indenture.

**Modification of the Indenture**

Generally, we, the subsidiary guarantors and the trustee may amend or supplement the Indenture, the guarantees and the Notes with the written consent of the holders of at least a majority in principal amount of the then outstanding Notes. However, without the consent of each holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a nonconsenting holder):

reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

reduce the principal of or change the fixed maturity of any Note;

reduce or waive the premium payable upon redemption or alter or waive the other provisions with respect to the redemption of any Notes;

reduce the rate of or change the time for payment of interest on any Note;

waive a Default or an Event of Default in the payment of principal of or premium, if any, or interest on, any Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount and a waiver of the payment default that resulted from such acceleration);

release any security that may have been granted with respect to the Notes;

make any note payable in currency other than that stated in the Notes;

make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

waive a redemption payment with respect to any Note;

except as otherwise permitted in the Indenture, release any subsidiary guarantor from its obligations under its guarantee or the Indenture or change any guarantee in any manner that would adversely affect the rights of holders; or

make any change in the preceding amendment, supplement and waiver provisions (except to increase any percentage set forth therein).

Notwithstanding the preceding, without the consent of any holder of Notes, we, the subsidiary guarantors, and the trustee may amend or supplement the Indenture or the Notes:

to cure any ambiguity, defect or inconsistency;

to provide for uncertificated Notes in addition to or in place of certificated Notes;

to provide for the assumption of our or the confirmation of a subsidiary guarantor's obligations to holders of Notes in the case of a merger or consolidation or sale of all or substantially all of our assets;

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to add or release subsidiary guarantors as permitted pursuant to the terms of the Indenture (see The guarantees );

to make any changes that would provide any additional rights or benefits to the holders of Notes that do not, taken as a whole, adversely affect the rights under the Indenture of any holder of the Notes;

to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;

to evidence or provide for the acceptance of appointment under the Indenture of a successor trustee;

to add any additional Events of Default;

to secure the Notes and/or the guarantees; or

to establish the form or terms of any other series of debt securities under the Base Indenture.

**Covenants**

*Limitations on liens*

We will not, nor will we permit any Subsidiary to, create, assume, incur or suffer to exist any lien upon any Principal Property or upon any Capital Interests of any Restricted Subsidiary, whether owned or leased or hereafter acquired, to secure any of our debt or any debt of any other Person (other than debt securities issued under the Indenture), without in any such case making effective provision whereby all of the Notes shall be secured equally and ratably with, or prior to, such debt so long as such debt shall be so secured. The following are excluded from this restriction:

Permitted Liens;

any lien upon any property or assets created at the time of acquisition of such property or assets by us or any Restricted Subsidiary or within one year after such time to secure all or a portion of the purchase price for such property or assets or debt incurred to finance such purchase price, whether such debt was incurred prior to, at the time of or within one year after the date of such acquisition;

any lien upon any property or assets to secure all or part of the cost of construction, development, repair or improvements thereon or to secure debt incurred prior to, at the time of, or within one year after completion of such construction, development, repair or improvements or the commencement of full operations thereof (whichever is later), to provide funds for any such purpose;

any lien upon any property or assets existing thereon at the time of the acquisition thereof by us or any Restricted Subsidiary (whether or not the obligations secured thereby are assumed by us or any Restricted Subsidiary); provided, however, that such lien only encumbers the property or assets so acquired;

any lien upon any property or assets of a Person existing thereon at the time such Person becomes a Restricted Subsidiary by acquisition, merger or otherwise; provided, however, that such lien only encumbers the property or assets of such Person at the time such Person becomes a Restricted Subsidiary;

any lien upon any of our property or assets or the property or assets of any Restricted Subsidiary in existence on December 10, 2003 or provided for pursuant to agreements existing on December 10, 2003;

liens imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and liens which secure a judgment or other court ordered award or settlement as to which we or the applicable Restricted Subsidiary has not exhausted its appellate rights;

any extension, renewal, refinancing, refunding or replacement, or successive extensions, renewals, refinancings, refundings or replacements of liens, in whole or in part, referred to above; provided, however, that any such extension, renewal, refinancing, refunding or replacement lien shall be limited

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to the property or assets covered by the lien extended, renewed, refinanced, refunded or replaced and that the obligations secured by any such extension, renewal, refinancing, refunding or replacement lien shall be in an amount not greater than the amount of the obligations secured by the lien extended, renewed, refinanced, refunded or replaced and any of our expenses and the expenses of the Restricted Subsidiaries (including any premium) incurred in connection with such extension, renewal, refinancing, refunding or replacement; or

any lien resulting from the deposit of moneys or evidence of indebtedness in trust for the purpose of defeasing our debt or debt of any Restricted Subsidiary.

Notwithstanding the preceding, we may, and may permit any Restricted Subsidiary to, create, assume, incur, or suffer to exist any lien upon any Principal Property or Capital Interests of a Restricted Subsidiary to secure our debt or debt of any Person (other than debt securities issued under the Indenture), that is not excepted above without securing the Notes, provided that the aggregate principal amount of all debt then outstanding secured by such lien and all other liens not excepted above, together with all Attributable Indebtedness from Sale-leaseback Transactions, excluding Sale-leaseback Transactions permitted in the first paragraph under Limitations on sale-leasebacks, does not exceed 10% of Consolidated Net Tangible Assets.

*Limitations on sale-leasebacks*

We will not, and will not permit any Subsidiary to, engage in a Sale-leaseback Transaction, unless:

such Sale-leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development or substantial repair or improvement, or commencement of full operations on such Principal Property, whichever is later;

the Sale-leaseback Transaction involves a lease for a period, including renewals, of not more than three years;

the Attributable Indebtedness from that Sale-leaseback Transaction is an amount equal to or less than the amount that we or such Subsidiary would be allowed to incur as debt secured by a lien on the Principal Property subject thereto without equally and ratably securing the Notes; or

we or such Subsidiary, within a one-year period after such Sale-leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-leaseback Transaction to (A) the prepayment, repayment, redemption, reduction or retirement of any Pari Passu Debt of us or any Subsidiary, or (B) the expenditure or expenditures for Principal Property used or to be used in the ordinary course of the business of Plains All American Pipeline or that of its Subsidiaries.

Notwithstanding the preceding, we may, and may permit any Subsidiary of Plains All American Pipeline to, effect any Sale-leaseback Transaction that is not excepted above, provided that the Attributable Indebtedness from such Sale-leaseback Transaction, together with the aggregate principal amount of then outstanding debt (other than debt securities issued under the Indenture) secured by liens upon Principal Properties not excepted in the first paragraph under Limitations on liens, do not exceed 10% of Consolidated Net Tangible Assets.

**SEC reports**

Regardless of whether Plains All American Pipeline is required to remain subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, it will electronically file with the SEC, so long as the Notes are outstanding, the annual, quarterly and other periodic reports that it is required to file (or would otherwise be required to file) with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act, and such documents will be filed with the SEC on or

prior to the respective dates (the Required Filing Dates ) by

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which it is required to file (or would otherwise be required to file) such documents, unless, in each case, such filings are not then permitted by the SEC.

If such filings are not then permitted by the SEC, or such filings are not generally available on the Internet free of charge, we will provide the trustee with, and the trustee will mail to any holder of Notes requesting in writing to the trustee copies of, such annual, quarterly and other periodic reports specified in Sections 13 and 15(d) of the Exchange Act within 15 days after its Required Filing Date.

## **Defeasance and discharge**

At any time we may terminate all our obligations under the Indenture as they relate to the Notes ( legal defeasance ), except for certain obligations, including those respecting the defeasance trust and timely payments therefrom and obligations to register the transfer of or exchange the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent for the Notes.

Also, at any time we may terminate our obligations under covenants described in the last paragraph of The guarantees, under Covenants and under SEC reports with respect to the Notes ( covenant defeasance ), and therea our failure to comply with any of such covenants would not constitute an Event of Default.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, each guarantee obligation will be deemed to have been discharged with respect to the Notes.

In order to exercise either defeasance option, we must irrevocably deposit in trust (the defeasance trust ) with the trustee money, U.S. Government Obligations (as defined in the Indenture) or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or stated maturity, as the case may be, and must comply with certain other conditions, including delivery to the trustee of an opinion of counsel to the effect that holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred. In the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

In the event of any legal defeasance, holders of the Notes would be entitled to look only to the trust for payment of principal of and any premium and interest on their Notes until maturity.

Although the amount of money and U.S. Government Obligations on deposit with the trustee would be intended to be sufficient to pay amounts due on the defeased Notes at the time of their stated maturity, if we exercise our covenant defeasance option for the Notes and the Notes are declared due and payable because of the occurrence of an Event of Default, such amount may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. We would remain liable for such payments, however.

In addition, we may satisfy and discharge all our obligations under the Indenture with respect to the Notes, other than certain obligations to the trustee and our obligation to register the transfer of or exchange the Notes, provided that we either:

deliver all outstanding Notes to the trustee for cancellation; or

all Notes not so delivered for cancellation have either become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year, and in the case of this bullet point we have irrevocably deposited with the trustee in trust an amount of cash or U.S. Government Obligations or a combination thereof sufficient to pay the entire indebtedness of the Notes, including interest and premium, if any, to the stated maturity or applicable redemption date;

and comply with the other requirements of the Indenture in relation to satisfaction and discharge.

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**Definitions**

*Attributable Indebtedness*, when used with respect to any Sale-leaseback Transaction, means, as at the time of determination, the present value, discounted at the rate set forth or implicit in the terms of the lease included in such transaction, of the total obligations of the lessee for rental payments, other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights during the remaining term of the lease included in such Sale-leaseback Transaction including any period for which such lease has been extended. In the case of any lease that is terminable by the lessee upon the payment of a penalty or other termination payment, such amount shall be the lesser of the amount determined assuming termination upon the first date such lease may be terminated, in which case the amount shall also include the amount of the penalty or termination payment, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated, or the amount determined assuming no such termination.

*Board of Directors* means (a) with respect to Plains All American Pipeline, the board of directors of the Managing General Partner, and (b) with respect to PAA Finance Corp., its board of directors or, in each case, with respect to any determination or resolution permitted to be made under the Indenture, any authorized committee or subcommittee of such board.

*Capital Interests* means any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, including, without limitation, with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such Person.

*Consolidated Net Tangible Assets* means, at any date of determination, the total amount of assets after deducting therefrom:

(1) all current liabilities excluding:

(a) any current liabilities that by their terms are extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed; and

(b) current maturities of long-term debt; and

(2) the amount, net of any applicable reserves, of all goodwill, trade names, trademarks, patents and other like intangible assets,

all as set forth on the consolidated balance sheet of Plains All American Pipeline for its most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Funded Debt* means all debt maturing one year or more from the date of the creation thereof, all debt directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

*Issue Date* means the date on which the Notes are initially issued.

*Managing General Partner* means (i) Plains All American GP LLC, a Delaware limited liability company (and its successors and permitted assigns), as general partner of Plains AAP, L.P., a Delaware limited partnership (and its successors and permitted assigns), as sole member of PAA GP LLC (and its successors and permitted assigns), as general partner of Plains All American Pipeline or (ii) the business entity with the ultimate authority to manage the business and operations of Plains All American Pipeline.

*Pari Passu Debt* means any of our Funded Debt, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Funded Debt, the instrument creating or

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evidencing the same or pursuant to which the same is outstanding expressly provides that such Funded Debt shall be subordinated in right of payment to the Notes.

*Permitted Liens* means:

- (1) Liens upon rights-of-way for pipeline purposes;
- (2) any statutory or governmental lien or lien arising by operation of law, or any mechanics , repairmen s, materialmen s, suppliers , carriers , landlords , warehousemen s or similar lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined lien which is incidental to construction, development, improvement or repair;
- (3) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of any property;