

## **AUDIT COMMITTEE CHARTER**

Plains All American Pipeline, L.P.\*

### **Purpose**

The primary purpose of this Audit Committee Charter (this “Charter”) is to document the scope of the authority and responsibilities of the Audit Committee (the “Committee”). The Committee is appointed by the Board to assist the Board in monitoring (1) the integrity of the financial statements of the Partnership, (2) the independent auditor’s qualifications and independence, (3) the performance of the Partnership’s internal audit function and independent auditors, and (4) the compliance by the Partnership with legal and regulatory requirements. The Committee will prepare a report to be included in the Partnership’s annual report.

### **Committee Membership**

The Committee will consist of no fewer than three members, who are also members of the Board. The members of the Committee will meet the independence and experience requirements of the New York Stock Exchange, the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission (the "Commission"), in each case subject to any exemptions and exceptions thereunder. It is anticipated that at least one member of the Committee will be a "financial expert" as defined by the Commission. Committee members will not serve on the audit committees of more than two other public companies. Committee members may be replaced by the Board.

### **Committee Authority and Responsibilities**

The Committee will be directly responsible for, and have sole authority with respect to, the appointment, retention, replacement, compensation, and oversight of the work of the independent auditor (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Partnership, and each such independent auditor must report directly to the Committee. The Committee must approve all audit engagement fees and terms. All non-audit engagements with the independent auditor will be in accordance with the Preapproval Policy adopted by the Committee. The Committee will consult with management but will not delegate these responsibilities. The Partnership will provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor.

The Committee will meet not less frequently than quarterly. Additional meetings will be scheduled at the discretion of the Chairman. A quorum of the Committee will be declared when

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\* Plains All American Pipeline, L.P. is a master limited partnership. It is managed by Plains All American GP LLC (the “GP LLC”), the general partner of its general partner. The Partnership has no board of directors, but under its partnership agreement, “Board of Directors” is defined to mean the Board of the GP LLC. References herein are to the Audit Committee of the Board of Directors of the GP LLC, which functions as the Audit Committee of the Partnership.

a majority of the members of the Committee are in attendance. The Committee will keep minutes of its meetings and make such minutes available to the Board for its review. The Committee may form and delegate authority to subcommittees when appropriate.

The Committee has the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Partnership will provide for appropriate funding, as determined by the Committee, for payment of compensation to such advisors. The Committee may cause an investigation to be made into any matter within the scope of its responsibility. The Committee will have direct, unrestricted access to Company personnel and documents. The Committee may request any officer or employee of the Partnership or the Partnership's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee will meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Committee will also meet periodically in executive session among its members.

The Committee will make regular reports to the Board. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. In connection with its review of audited financial statements, the Committee will report to the Board whether, based upon such review and discussions with management and the independent auditor, the Committee recommends to the Board that such audited financial statements be included in the Annual Report on Form 10-K for such period. The Committee will review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee will annually review the Committee's own performance.

The Committee, to the extent it deems necessary or appropriate, will:

#### Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited and quarterly financial statements, including disclosures made in management's discussion and analysis, including the Partnership's disclosures under "Management's Disclosure and Analysis of Financial Conditions and Results of Operations."
2. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Partnership's financial statements, including any significant changes in the Partnership's selection or application of accounting principles, any major issues as to the adequacy of the Partnership's internal controls, the development, selection and disclosure of critical accounting estimates, and analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative assumptions, estimates or GAAP methods on the Partnership's financial statements.
3. Review and discuss quarterly and annual reports from the independent auditors on:

- (a) All critical accounting policies and practices to be used.
  - (b) All alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures, and the treatment preferred by the independent auditor.
  - (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
4. Discuss with management the Partnership's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
  5. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Partnership's financial statements.
  6. Discuss with management the Partnership's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Partnership's risk assessment and risk management guidelines and policies, and in that regard, review with the appropriate members of management, on a periodic basis, the risks involved in, and controls imposed on, the Company's physical and financial commodities trading and hedging transactions, credit review policies, insurance, and foreign exchange and interest rate hedging transactions.
  7. Discuss with management their views regarding the responsiveness of the independent auditor to the Company's needs.
  8. Review with the independent auditor any audit problems or difficulties and management's response thereto, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
  9. Review with the independent auditor the adequacy of the Company's financial accounting personnel and the cooperation received by the independent auditor from management and such personnel.
  10. Review with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication With Audit Committees*, as amended, without regard to whether any such matter is specifically addressed in this Charter.
  11. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

### Oversight of the Partnership's Relationship with the Independent Auditor

12. Review and evaluate the lead partner of the independent auditor team.
13. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Partnership.
- 14.. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditors. The Committee will present its conclusions with respect to the independent auditor to the Board.
15. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
16. Set clear hiring policies for the Partnership's hiring of employees or former employees of the independent auditor.
17. Review any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement.
18. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

### Oversight of the Partnership's Internal Audit Function

19. Review the significant reports to management prepared by the internal auditing department and management's responses.
20. Discuss with the independent auditor the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit. The director of the internal audit will report to the CEO and directly to the Committee. No termination of the employment of the director of internal audit will be effective without the approval of the Committee.

### Compliance Oversight Responsibilities

21. Obtain from the independent auditor assurance that Section 10A (“Audit Requirements”) of the Securities Exchange Act has not been implicated.
22. Obtain reports from management, the Partnership’s director of internal audit and the independent auditor with respect to compliance by the Partnership and its subsidiary/foreign affiliated entities with applicable legal requirements. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Partnership’s policies and procedures regarding compliance with applicable laws and regulations.
23. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
24. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Partnership’s financial statements or accounting policies.
25. Discuss with the Partnership’s General Counsel legal matters that may have a material impact on the financial statements.

### **Limitation of Committee’s Role**

Although the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine, confirm or certify that the Partnership’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.