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PLAINS RESOURCES INC
Form SC 13D
February 23, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(AMENDMENT NO. __)

PLAINS RESOURCES INC.
(Name of Issuer)

COMMON STOCK, PAR VALUE \$.10 PER SHARE	726540503
-----	-----
(Title of class of securities)	(CUSIP number)

ANDREA A. BERNSTEIN
WEIL, GOTSHAL & MANGES LLP
767 FIFTH AVENUE
NEW YORK, NEW YORK 10153
(212) 310-8000

(Name, address and telephone number of person
authorized to receive notices and communications)

FEBRUARY 19, 2004

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rules 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [].

=====

1 NAME OF REPORTING PERSON: Pershing Square, L.P.
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY): 38-3694138

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

3 SEC USE ONLY

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4	SOURCE OF FUNDS:	WC
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Delaware
	NUMBER OF SHARES	7 SOLE VOTING POWER: 0
	BENEFICIALLY OWNED BY	8 SHARED VOTING POWER: 1,258,500
	EACH REPORTING	9 SOLE DISPOSITIVE POWER: 0
	PERSON WITH	10 SHARED DISPOSITIVE POWER: 1,258,500
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	1,258,500
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	5.33%
14	TYPE OF REPORTING PERSON:	PN
2		
1	NAME OF REPORTING PERSON:	Pershing Square GP,
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):	38-3694141
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	N/A
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Delaware

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NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER:	1,258,500
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	1,258,500
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:		1,258,500
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):		5.33%
14	TYPE OF REPORTING PERSON:		00

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1	NAME OF REPORTING PERSON:	William Ackman	
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:		
3	SEC USE ONLY		
4	SOURCE OF FUNDS:	N/A	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d)		
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	United States	
NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER:	1,258,500
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	1,258,500

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11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	1,258,500	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	5.33%	
14	TYPE OF REPORTING PERSON:	IN	
4			
1	NAME OF REPORTING PERSON:	Leucadia National Co	
	I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:		
3	SEC USE ONLY		
4	SOURCE OF FUNDS:	N/A	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d)		
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	New York	
NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER:	0
EACH REPORTING	9	SOLE DISPOSITIVE POWER:	0
PERSON WITH	10	SHARED DISPOSITIVE POWER:	0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	0	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	0%	

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TYPE OF REPORTING PERSON:

CO

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Item 1. Security and Issuer.

The title and class of equity security to which this statement on Schedule 13D relates is the common stock, par value \$.10 per share ("Common Stock"), of Plains Resources Inc, a Delaware corporation (the "Company" or "PLX"). The address of the Company's principal executive offices is 700 Milam, Suite 3100, Houston, Texas 77002.

Item 2. Identity and Background.

This statement is filed by Pershing Square, L.P. ("Pershing Square"), Pershing Square GP, LLC ("GP LLC"), William Ackman and Leucadia National Corporation ("Leucadia" and collectively, the "Reporting Persons"). Pershing Square is a Delaware partnership with its principal executive offices located at 110 East 42nd Street, New York, NY 10017. The principal business activity of Pershing Square is making investments. WMAC Investment Corporation, a wholly owned subsidiary of Leucadia, owns a substantial amount of the limited partner interests of Pershing Square.

The sole general partner of Pershing Square is GP LLC. GP LLC is a Delaware limited liability company with its principal executive offices located at 110 East 42nd Street, New York, NY 10017. The principal business activity of GP LLC is acting as the general partner of Pershing Square.

The sole managing member of GP LLC is William Ackman. Mr. Ackman's business address is 110 East 42nd Street, New York, NY 10017. Mr. Ackman's principal occupation is managing investments including the management of GP LLC.

Leucadia is a New York corporation with its principal office at 315 Park Avenue South, New York, New York 10010. Leucadia is a diversified holding company engaged in a variety of businesses, including telecommunications, banking and lending, manufacturing, real estate activities, winery operations, development of a copper mine and property and casualty reinsurance. Approximately 26.5% of the common shares of Leucadia outstanding at November 12, 2003 (including shares issuable pursuant to currently exercisable warrants) is beneficially owned (directly and through family members) by Ian M. Cumming, Chairman of the Board of Directors of Leucadia, and Joseph S. Steinberg, a director and President of Leucadia (excluding an additional 1.6% of the common shares of Leucadia beneficially owned by trusts for the benefit of Mr. Steinberg's children, as to which Mr. Steinberg disclaims beneficial ownership). Private charitable foundations independently established by each of Messrs. Cumming and Steinberg each beneficially own less than one percent of the outstanding common shares of Leucadia. Mr. Cumming and Mr. Steinberg each disclaim beneficial ownership of the common shares of Leucadia held by their respective private charitable foundations. Mr. Cumming and Mr. Steinberg have an oral agreement pursuant to which they will consult with each other as to the election of a mutually acceptable Board of Directors of Leucadia.

The name, business address, present principal occupation or employment, and citizenship of each director and executive officer of Leucadia is set forth on Schedule A hereto.

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During the last five years neither Pershing Square, GP LLC nor, Mr. Ackman, has been (i) convicted of any criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of

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such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

During the last five years neither Leucadia, nor, to its knowledge, any of its directors or executive officers, has been (i) convicted of any criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The aggregate amount of funds used by Pershing Square in making the purchases of the shares of Common Stock beneficially owned by Pershing Square as of February 19, 2004, was \$20,872,754 (including commissions and fees). The source of funds used to purchase these shares of Common Stock was Pershing Square's funds available for investment.

Item 4. Purpose of Transaction.

Pershing Square began purchasing shares of Common Stock in January 2004. Pershing Square acquired shares because, in its opinion, the Common Stock was undervalued by the market. Pershing Square also acquired shares of Common Stock because it was considering the possibility of proposing a business combination with the Company or of attempting to acquire control of the Company at some future date.

In late January 2004, Mr. Ackman indicated to representatives of the Company that Pershing Square and Leucadia (the "Pershing Square Group") would be interested in making a proposal (the "Proposal") to acquire the Company that would be substantially superior to the \$14.25 proposal made by management and Mr. Paul Allen on November 20, 2003, subject only to a 10 business-day due diligence period.

On February 12, 2004, the Company and Pershing Square entered into a letter agreement providing that the Company would reimburse the Pershing Square Group's expenses in connection with a possible transaction, including expenses incurred in connection with the preparation of the Proposal.

At 6 pm on February 12, 2004, representatives of the Pershing Square Group presented the Proposal on a telephone conference with the special committee of the Company's Board of Directors (the "Special Committee") and submitted a detailed letter of intent summarizing the Proposal later that evening.

The Proposal provided for a transaction (the "Transaction") in which a to-be-formed affiliate of the Pershing Square Group would acquire the Company in a merger for a combination of cash and securities (the "Buyer Securities") valued by the Pershing Square Group at approximately \$17.60 per share, representing a 30% premium to the closing price of the Common Stock prior to the

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announcement of the management offer of \$14.25 per share, a 24% premium to

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management's \$14.25 proposal, and a \$0.85 per share or 5.0% premium to the \$16.75 per share transaction announced on February 20, 2004

The Proposal was not subject to any financing condition and was only conditioned on the Pershing Square Group's satisfactory completion of a limited due diligence period, not to exceed 10 business days and the approval of Leucadia's Board of Directors. A copy of the Letter of Intent is attached hereto as Exhibit 2 and incorporated herein by reference.

On the afternoon of February 13, 2004, the Special Committee, acting through its representatives, informed Pershing Square that it was not interested in pursuing a transaction with it, and would not respond to any further inquiries from the Pershing Square Group. None of the Reporting Persons have made any subsequent proposals to the Special Committee and the Letter of Intent has terminated in accordance with its terms.

The Pershing Square Group believes that its Proposal is superior to the \$16.75 management offer and continues to be interested in acquiring the Company. The Pershing Square Group will base its decision as to whether to continue to pursue an acquisition of the Company, among other factors, on PLX shareholders' interest in the Proposal. The Reporting Persons have no immediate plans or proposals to seek a business combination or to attempt to acquire control of the Company. However, the Reporting Persons continue to consider each of these alternatives and may determine to pursue one or more of them.

Pershing Square has communicated or presently intends to communicate, directly or through intermediaries, with the Company's board of directors, other shareholders of the Company, and other interested parties in an effort to determine shareholder interest in the Proposal. The Reporting Persons may acquire additional securities of the Company or dispose of securities of the Company at any time and from time to time in the open market, in privately negotiated transactions or otherwise.

Although the foregoing represents the range of activities presently contemplated by the Reporting Persons and, to their knowledge, their respective general partners, directors and officers, as applicable, with respect to the Company, it should be noted that the possible activities of the Reporting Persons and their respective general partners, directors and officers are subject to change at any time.

Except as set forth above, neither the Reporting Persons, nor, to their knowledge, any of their respective general partners, directors or officers, have any present plans or proposals which relate to or would result in any of the actions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) As of February 19, 2004, the Reporting Persons beneficially own the following shares of Common Stock:

(i) The responses of Pershing Square to Rows (11) through (13) of the cover pages of this Schedule 13D are incorporated herein by reference. As of February 19, 2004, Pershing Square beneficially owned 1,258,500 shares of Common Stock, representing approximately 5.33% of the outstanding shares of Common Stock (the outstanding shares of Common Stock, 23,600,000, being based on the

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number of shares outstanding as of October 31, 2003, as reported in the Company's Form 10-Q for the quarterly period ended September 30, 2003).

(ii) The responses of GP LLC to Rows (11) through (13) of the cover pages of this Schedule 13D are incorporated by reference. By virtue of being the general partner of Pershing Square, for purposes of this Schedule 13D, GP LLC may be deemed to share voting and dispositive powers with respect to the shares of Common Stock beneficially owned by Pershing Square and therefore may be deemed to be beneficial owners of all of the shares of Common Stock beneficially owned by Pershing Square. GP LLC disclaims beneficial ownership of any shares of Common Stock beneficially owned by Pershing Square.

(iii) The responses of William Ackman to Rows (11) through (13) of the cover pages of this Schedule 13D are incorporated herein by reference. By virtue of being the sole manager of GP LLC, for purposes of this Schedule 13D, Mr. Ackman may be deemed to share voting and dispositive powers with respect to the shares of Common Stock beneficially owned by Pershing Square and therefore may be deemed to be beneficial owners of all of the shares of Common Stock beneficially owned by Pershing Square. Mr. Ackman disclaims beneficial ownership of any shares of Common Stock beneficially owned by GP LLC or Pershing Square.

(iv) The responses of Leucadia to Rows (11) through (13) of the cover pages of this Schedule 13D are incorporated herein by reference.

(b) The responses of the Reporting Persons to (i) Rows (7) through (10) of the cover pages of this statement on Schedule 13D and (ii) Item 5(a) hereof are incorporated herein by reference.

(c) During the past sixty days, Pershing Square effected the following transactions in the Common Stock:

Date of Transaction	Amount of Securities	Price per Share*	Where and How Effected
01/20/2004	165,400	\$16.3767	NYSE (purchase)
01/21/2004	194,300	\$16.4745	NYSE (purchase)
01/22/2004	142,900	\$16.4883	NYSE (purchase)
01/23/2004	171,400	\$16.4805	NYSE (purchase)
01/27/2004	38,500	\$16.6783	NYSE (purchase)
01/28/2004	204,900	\$16.7611	NYSE (purchase)
02/02/2004	38,400	\$16.2408	NYSE (purchase)
02/03/2004	42,900	\$16.2270	NYSE (purchase)
02/04/2004	12,700	\$16.2334	NYSE (purchase)
02/06/2004	3,200	\$16.2225	NYSE (purchase)
02/09/2004	38,500	\$16.2412	NYSE (purchase)
02/10/2004	67,500	\$16.2885	NYSE (purchase)
02/13/2004	15,900	\$16.2714	NYSE (purchase)
02/17/2004	12,200	\$16.3971	NYSE (purchase)

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02/18/2004	31,000	\$16.4662	NYSE (purchase)
02/19/2004	78,800	\$16.5986	NYSE (purchase)

* Excludes commissions and fees.

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To the Reporting Persons' knowledge, none of their respective general partners, directors or officers have had any transactions in the Common Stock that were effected in the past sixty days.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

The information set forth in Item 4 is incorporated herein by reference.

Leucadia and Mr. Ackman have an agreement in principal whereby Mr. Ackman will identify business opportunities exclusively for Leucadia. Leucadia will have the sole option, in its discretion, to invest in any such opportunities. If Leucadia determines to invest in any such business opportunities, Leucadia and Mr. Ackman would establish an investment vehicle to hold such investment. Generally, pursuant to the agreement in principle, Leucadia would invest all (or if Mr. Ackman invests, substantially all) of the capital for the business opportunity and Mr. Ackman would be entitled to a portion of the profits, if any, generated from the investment after Leucadia receives its principal and a minimum return on such principal amount. In addition, Pershing Square has an understanding that it would support any transaction concerning the Company that is proposed by Leucadia and Mr. Ackman.

Item 7. Materials to be Filed as Exhibits.

1. Agreement among the Reporting Persons with respect to the filing of this Schedule 13D.
2. Letter of Intent, dated February 12, 2004, from Leucadia and Pershing Square Capital Management, LLC.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

PERSHING SQUARE, L.P.

By: PERSHING SQUARE GP, LLC

By: /s/ William Ackman

Name: William Ackman
Title: Managing Member

PERSHING SQUARE GP, LLC

By: /s/ William Ackman

Name: William Ackman
Title: Managing Member

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By: /s/ William Ackman

Name: William Ackman

LEUCADIA NATIONAL CORPORATION

By: /s/ Joseph A. Orlando

Name: Joseph A. Orlando
Title: Vice President and
Chief Financial Officer

Date: February 23, 2004

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EXHIBIT INDEX

Exhibit No.

- | | | |
|-----------|---|---|
| Exhibit 1 | - | Agreement among the Reporting Persons with respect to the filing of this Schedule 13D. |
| Exhibit 2 | - | Letter of Intent, dated February 12, 2004, from Leucadia and Pershing Square Capital Management, LLC. |

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SCHEDULE A

DIRECTORS AND EXECUTIVE OFFICERS OF
LEUCADIA NATIONAL CORPORATION

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The name, business address, present principal occupation or employment, and the name, principal business and address of any corporation or other organization in which such employment is conducted, of each of the directors and executive officers of Leucadia National Corporation is set forth below. Unless otherwise specified, the business address of each person listed below is c/o Leucadia National Corporation, 315 Park Avenue South, New York, NY 10010. To the knowledge of Leucadia, each person listed below is a United States citizen.

Name and Business Address -----	Offices at Leucadia -----	Principal Employment -----
Ian M. Cumming c/o Leucadia National Corporation 529 E. South Temple Salt Lake City, Utah 84102	Chairman of the Board	Chairman Leucadia
Joseph S. Steinberg	President	President
Paul M. Dougan c/o Equity Oil Company 10 West 300 South Salt Lake City, Utah 84102	Director	President Officer of (a company gas explo having an City, Uta
Lawrence D. Glaubinger c/o Lawrence Economic Consulting, Inc. P.O. Box 3567 Hallandale Beach, FL 33008	Director	Private I Lawrence Inc., (a firm)
James E. Jordan c/o Arnhold and S. Bleichroeder Advisors, Inc. 1345 Avenue of the Americas New York, N.Y. 10105	Director	Managing and S. Bl Inc. (a c asset man
Name and Business Address -----	Offices at Leucadia -----	Principal Employment -----
Jesse Clyde Nichols, III 4945 Glendale Road Westwood Hills, KS 66205	Director	Retired I
Thomas E. Mara	Executive Vice President and Treasurer	Executive Treasurer
Joseph A. Orlando	Vice President and Chief Financial Officer	Vice Pres Financial
Philip M. Cannella	Asst. Vice President	Asst. Vic
Barbara L. Lowenthal	Vice President and Comptroller	Vice Pres

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H. E. Scruggs

Vice President

of Leucad

Vice Pres

Laura E. Ulbrandt

Secretary

Secretary