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PLAINS RESOURCES INC
Form SC 13D/A
April 23, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Schedule 13D/A
(Amendment No. 2)

Under the Securities Exchange Act of 1934*

PLAINS RESOURCES INC.
(Name of Issuer)

Common Stock, par value \$0.10 per share
(Title of Class of Securities)

726540503
(CUSIP Number)

D. Martin Phillips
EnCap Investments L.L.C.
1100 Louisiana, Suite 3150
Houston, Texas 77002
(713) 659-6100

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

April 1, 2003
(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 which is the subject of this Schedule 13D, and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 204.13d-1(g), check the following box. []

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See ss. 240.13d-7(b) for other parties to whom copies are to be sent.

*The remainder of the cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

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CUSIP NO. 726540503

SCHEDULE 13D/A

(1) Names of Reporting Persons I.R.S. Identification Nos. of Above Persons
(entities only)

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ENCAP INVESTMENTS L.L.C.

- (2) Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)
- (3) SEC Use Only
- (4) Source of Funds (See Instructions) OO (SEE ITEM 3)
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)
- (6) Citizenship or Place of Organization EnCap Investments L.L.C.
("EnCap Investments") is a limited liability company organized under the laws of the State of Delaware.
- | | | | |
|---|------|--------------------------|---------------|
| Number of Shares Beneficially Owned by Each Reporting Person With | (7) | Sole Voting Power | 0 |
| | (8) | Shared Voting Power | 1,173,662 (1) |
| | (9) | Sole Dispositive Power | 0 |
| | (10) | Shared Dispositive Power | 1,173,662 (1) |
- (11) Aggregate Amount Beneficially Owned by Each Reporting Person 1,173,662 (2)
- (12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
- (13) Percent of Class Represented by Amount in Row (11) 4.9%(3)
- (14) Type of Reporting Person (See Instructions) OO
-

(1) EnCap Investments L.L.C. may be deemed to have voting and dispositive power with respect to the shares of Common Stock owned by certain affiliates of EnCap Investments L.L.C. See Items 2, 5 and 6.

(2) EnCap Investments L.L.C. disclaims any beneficial ownership of the shares owned by such affiliates.

(3) Based on 24,167,935 shares of common stock issued and outstanding as of February 28, 2003, as disclosed in the Issuer's Annual Report on Form 10-K filed March 31, 2003.

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ITEM 1. SECURITY AND ISSUER.

No modification.

ITEM 2. IDENTITY AND BACKGROUND.

(a) - (c)

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No modification.

Items 2(d) - (f) are amended in their entirety as follows:

(d) - (f)

See Schedule I

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The following is added to Item 3:

On November 8, 2001, the Issuer issued 116 shares of its Common Stock, on January 2, 2002, the Issuer issued 163 shares of its Common Stock, on March 18, 2002, the Issuer issued 84 shares of its Common Stock, on April 1, 2002, the Issuer issued 161 shares of its Common Stock, on May 16, 2002, the Issuer issued 74 shares of its Common Stock, on June 20, 2002, the Issuer issued 75 shares of its Common Stock, on July 1, 2002, the Issuer issued 150 shares of its Common Stock, on September 10, 2002, the Issuer issued 80 shares of its Common Stock, on October 8, 2002, the Issuer issued 155 shares of its Common Stock, on November 6, 2002, the Issuer issued 91 shares of its Common Stock, on January 2, 2003, the Issuer issued 338 shares of its Common Stock, on March 3, 2003, the Issuer issued 344 shares of its Common Stock, and on April 1, 2003 the Issuer issued 375 shares of its Common Stock, to an entity which EnCap Investments is the sole general partner of, as compensation for services performed by D. Martin Phillips as a director of the Issuer.

On April 1, 2003, EnCap Investments and the Issuer executed a Stock Purchase Agreement pursuant to which the Issuer agreed to repurchase 400,000 shares of its Common Stock from certain entities controlled by EnCap Investments at a price of \$10.00 per share. The repurchase closed on April 2, 2003.

ITEM 4. PURPOSE OF TRANSACTION.

No modification.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Item 5 is amended and restated in its entirety as follows:

(a) EnCap Investments. EnCap Investments may be deemed to be the beneficial owner of 1,173,662 shares of Common Stock owned by certain affiliates of EnCap Investments, by virtue of being the general partner or controlling person of such affiliates. Based on the 24,167,935 shares of Common Stock outstanding as of February 28, 2003, EnCap Investments may be deemed the beneficial owner of approximately 4.9% of the outstanding shares of Common Stock. EnCap Investments disclaims beneficial ownership of the shares of Common Stock owned by its affiliates.

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El Paso Merchant Energy and El Paso Corporation. Each of El Paso Merchant Energy and El Paso Corporation may be deemed to be the beneficial owner of the shares of Common Stock owned or deemed owned by EnCap Investments (by virtue of being controlling persons of EnCap Investments). El Paso Merchant Energy and El Paso Corporation disclaim beneficial ownership of the shares of Common Stock owned or deemed owned by EnCap Investments.

Executive Officers and Directors. Except as otherwise described herein, and to the knowledge of the reporting person, no person

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listed in Schedule I is the beneficial owner of any shares of Common Stock.

(b) EnCap Investments. EnCap Investments shares the power to vote or direct the vote and to dispose or direct the disposition of an additional 1,173,662 shares of Common Stock held by affiliates of EnCap Investments.

El Paso Merchant Energy and El Paso Corporation. Each of El Paso Merchant Energy and El Paso Corporation may be deemed to be the beneficial owner of the shares of Common Stock owned or deemed owned by EnCap Investments (by virtue of being controlling persons of EnCap Investments). El Paso Merchant Energy and El Paso Corporation disclaim beneficial ownership of the shares of Common Stock owned or deemed owned by EnCap Investments.

Executive Officers and Directors. Except as otherwise described herein, and to the knowledge of the reporting person, no person listed in Schedule I has the power to vote or direct the vote or dispose or direct the disposition of any shares of Common Stock.

(c) Except as otherwise described herein or in any Exhibit filed herewith, and to the knowledge of the reporting persons, none of the persons named in response to Paragraph (a) above has affected any transaction in the Common Stock during the past sixty (60) days.

(d) Except as otherwise described herein, and to the knowledge of the reporting persons, no person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from sale of, the Common Stock deemed to be beneficially owned by them.

(e) As a result of the transactions reported herein, EnCap Investments ceased to be the owner of 5% of the Common Stock of the Issuer on April 16, 2003.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SECURITIES OF THE ISSUER.

The following is added to Item 6:

Letter Agreement

EnCap Investments entered into a Letter Agreement (the "Letter Agreement") dated April 14, 2003 with Energy Capital Investment Company PLC, a company organized under the laws of England and Wales ("Energy PLC"). The purpose of the Letter Agreement was to amend the Investment Advisory Agreement dated February 4, 1994, as amended (the "Investment Advisory Agreement") by and between EnCap Investments and Energy PLC. Under the Investment Advisory Agreement, EnCap Investments served (subject to the terms thereof) as an advisor and manager with respect to the investment in, and re-investment of, the Issuer's securities.

Pursuant to the Letter Agreement, on and after April 16, 2003, EnCap Investments and Energy PLC agreed that EnCap Investments will no longer have (i) any voting power with respect to the Securities (as defined in the Letter

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Agreement and which includes the securities of the Issuer), including the power to vote or direct the voting of the Securities, (ii) any investment power with respect to the Securities, including the power to dispose or direct the disposition of the Securities, or (iii) any other powers, rights, duties or obligations with respect to the Securities, including any powers or rights that would in any way attribute beneficial ownership of the Securities to EnCap

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Investments, with it being agreed by EnCap Investments and Energy PLC that all such powers, rights, duties, and obligations of EnCap Investments with respect to the Securities are revoked and that all such powers, rights, duties, and obligations with respect to the Securities are retained by, and vested solely in, Energy PLC or its applicable affiliate. Further, on and after April 16, 2003, (i) the Securities will no longer be deemed Investments (as defined in the Letter Agreement) under, or otherwise subject to the Investment Advisory Agreement, and (ii) EnCap Investments will not provide Energy PLC or its affiliates with any information regarding the Securities.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 10.2 - Stock Purchase Agreement dated April 1, 2003 between Plains Resources Inc. and EnCap Investments L.L.C.

Exhibit 10.3 - Letter Agreement dated April 14, 2003 between EnCap Investments L.L.C., a Texas limited liability company, and Energy Capital Investment Company PLC, a company organized under the laws of England and Wales.

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SIGNATURES

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.

Date: April 23, 2003

ENCAP INVESTMENTS L.L.C.

By: /s/ D. Martin Phillips

D. Martin Phillips,
Managing Director

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SCHEDULE I

DIRECTORS, MANAGERS, EXECUTIVE OFFICERS,
OR CONTROLLING PERSONS

The name, business address, present principal occupation or employment and the name, principal business address of any corporation or other organization in which such employment is conducted, of each of (i) the managing directors of EnCap Investments, (ii) the directors and executive officers of El Paso Merchant Energy, and (iii) the directors and executive officers of El Paso Corporation are set forth below:

| Name and Business Address ----- | Capacity in Which Serves ----- | Principal Occupation ----- | Name, Pr Address o which Prin |
|---------------------------------------|--------------------------------------|----------------------------------|-------------------------------------|
| (i) EnCap Investments L.L.C. ----- | | | |

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| | | | |
|--|---|---|---------------------------------|
| David B. Miller 3811 Turtle Creek Blvd. Dallas, Texas 75219 | Managing Director of EnCap Investments | Managing Director of EnCap Investments | EnCap In 3811 Tu Dalla |
| D. Martin Phillips 1100 Louisiana, Suite 3150 Houston, Texas 77002 | Managing Director of EnCap Investments | Managing Director of EnCap Investments | EnCap In 1100 Loui Housto |
| Robert L. Zorich 1100 Louisiana, Suite 3150 Houston, Texas 77002 | Managing Director of EnCap Investments | Managing Director of EnCap Investments | EnCap In 1100 Loui Housto |
| Gary R. Petersen 1100 Louisiana, Suite 3150 Houston, Texas 77002 | Managing Director of EnCap Investments | Managing Director of EnCap Investments | EnCap In 1100 Loui Housto |

| | | | |
|---------------------------------------|--------------------------------------|----------------------------------|-------------------------------------|
| Name and Business Address ----- | Capacity in Which Serves ----- | Principal Occupation ----- | Name, Pr Address o which Prin |
|---------------------------------------|--------------------------------------|----------------------------------|-------------------------------------|

| | | | |
|---|---------------------------|---------------------------------------|--------------------------------------|
| (ii) El Paso Merchant ----- Energy North America ----- Company ----- Robert W. Baker 1001 Louisiana Street Houston, Texas 77002 | President and Director | President, El Paso Merchant Energy | El Paso North 1001 L Housto |
|---|---------------------------|---------------------------------------|--------------------------------------|

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| | | | |
|---|--|--|--------------------------------------|
| Name and Business Address ----- | Capacity in Which Serves ----- | Principal Occupation ----- | Name, Pr Address o which Prin |
| John L. Harrison 1001 Louisiana Street Houston, Texas 77002 | Senior Vice President, Chief Financial Officer, and Treasurer | Senior Vice President, Chief Financial Officer, and Treasurer El Paso Merchant Energy | El Paso North 1001 L Housto |
| H. Brent Austin 1001 Louisiana Street Houston, Texas 77002 | Director | President and Chief Operating Officer, El Paso Corporation | El Pa 1001 L Housto |

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| Name and Business Address ----- | Capacity in Which Serves ----- | Principal Occupation ----- | Name, Pr Address o which Prin |
|---|--|--|---------------------------------|
| (iii) El Paso Corporation ----- | | | |
| Ronald L. Kuehn, Jr. 1001 Louisiana Street Houston, Texas 77002 | Chairman of the Board, Chief Executive Officer, and Director | Director, Chairman of the Board, and Chief Executive Officer of El Paso Corporation | El Paso 1001 Lou Houston, |
| H. Brent Austin 1001 Louisiana Street Houston, Texas 77002 | President and Chief Operating Officer | President and Chief Operating Officer of El Paso Corporation | El Paso 1001 Lou Houston, |
| Robert W. Baker 1001 Louisiana Street Houston, Texas 77002 | Executive Vice President | Executive Vice President of El Paso Corporation | El Paso 1001 Lou Houston, |
| Greg G. Jenkins 1001 Louisiana Street Houston, Texas 77002 | Executive Vice President | Executive Vice President of El Paso Corporation | El Paso 1001 Lou Houston, |
| D. Dwight Scott 1001 Louisiana Street Houston, Texas 77002 | Executive Vice President and Chief Financial Officer Corporation | Executive Vice President and Chief Financial Officer of El Paso | El Paso 1001 Lou Houston, |
| David E. Zerhusen 1001 Louisiana Street Houston, Texas 77002 | Executive Vice President | Executive Vice President of El Paso Corporation | El Paso 1001 Lou Houston, |

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| Name and Business Address ----- | Capacity in Which Serves ----- | Principal Occupation ----- | Name, Pr Address o which Prin |
|---|--|---|---------------------------------|
| John W. Somerhalder II 1001 Louisiana Street Houston, Texas 77002 | President, Pipeline Group | President, Pipeline Group of El Paso Corporation | El Paso 1001 Lou Houston, |
| Peggy A. Heeg 1001 Louisiana Street Houston, Texas 77002 | Executive Vice President and General Counsel | Executive Vice President and General Counsel of El Paso Corporation | El Paso 1001 Lou Houston, |
| Jeffrey I. Beason | Senior Vice | Senior Vice President | El Paso |

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| | | | |
|---|-----------------------------|--|--|
| 1001 Louisiana Street Houston, Texas 77002 | President and Controller | and Controller of El Paso Corporation | 1001 Lou Houston, |
| Byron Allumbaugh 33 Ridgeline Drive Newport Beach, CA 92660 | Director | Retired Chairman Ralphs Grocery Company | 33 Ridg Newport B |
| John M. Bissell 2345 Walker Ave. N.W. Grand Rapids, MI 49501 | Director | Chairman of the Board of Bissell Inc. | Biss 2345 Walke Grand Rap |
| Juan Carlos Braniff Universidad 1200 Col. XOCO Mexico, D.F.C.P. 03339 | Director | Vice Chairman Grupo Financiero Bancomer | Univer Co Mexico, D |
| James F. Gibbons Stafford University Paul G. Allen Center for Integrated Systems Room 201 (M.S. 4075) Stanford, California 94305 | Director | Professor at Stanford University School of Engineering | Stanfor Paul G. for Integ Room 201 (Stanfor |
| Robert W. Goldman 13 Dupont Circle Sugar Land, Texas 77479 | Director | Business Consultant | 13 Dup Sugar Lan |
| Anthony W. Hall, Jr. 900 Bagby, 4th Floor Houston, Texas 77002 | Director | City Attorney City of Houston, Texas | City 900 Bagb Houston, |
| William A. Wise 1001 Louisiana Street Houston, Texas 77002 | Director | Retired | El Paso 1001 Lou Houston, |

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| Name and Business Address ----- | Capacity in Which Serves ----- | Principal Occupation ----- | Name, Pr Address o which Prin |
|--|--------------------------------------|--|--|
| J. Carleton MacNeil Jr. 3421 Spanish Trail Apt. 227D Delray, Florida 33483 | Director | Securities Consultant | 3421 Sp Ap Delray, |
| Thomas R. McDade Two Houston Center 909 Fannin, Suite 1200 Houston, Texas 77010 | Director | Senior Partner, McDade, Fogler, Maines, L.L.P. | McDade, F L Two Hou 909 Fanni Houston, |
| Malcolm Wallop Frontiers of Freedom Foundation 12011 Lee Jackson Memorial Hwy. | Director | Frontiers of Freedom Foundation | Frontiers of 12011 Lee J Fairfa |

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Fairfax, Virginia 22033

Joe B. Wyatt
2525 West End Ave.,
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Nashville, Tennessee 37203

Director

Chancellor Emeritus
Vanderbilt University

Vanderbi
2525 We
Sui
Nashvil

John Whitmire
10101 Southwest Freeway
#380
Houston, Texas 77074

Director

Chairman of the Board,
Consol Energy, Inc.

Consol
10101 Southw
Housto

J. Michael Talbert
4 Greenway Plaza
Houston, Texas 77046

Director

Chairman of the Board,
Transocean, Inc.

Transo
4 Gree
Housto

James L. Dunlap
1659 North Boulevard
Houston, Texas 77006

Director

Business Consultant

1659 Nor
Housto

(d) Neither EnCap Investments, El Paso Corporation, El Paso Merchant Energy, nor any of the individuals identified in this Schedule I has, to the knowledge of the reporting persons, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) Neither EnCap Investments, El Paso Corporation, El Paso Merchant Energy, nor any of the individuals identified in this Schedule I has, to the knowledge of the reporting persons, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and 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.

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(f) To the knowledge of the reporting persons, each of the individuals identified in this Schedule I is a citizen of the United States of America, with the exception of Juan Carlos Braniff, who is a citizen of Mexico.

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