

Sanchez Production Partners LLC
Form SC 13E3/A
January 26, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 5
TO
SCHEDULE 13E-3

RULE 13e-3 TRANSACTION STATEMENT
(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)

Sanchez Production Partners LLC
(Name of Issuer)

Sanchez Production Partners LLC
Sanchez Oil & Gas Corporation
SP Holdings, LLC

Sanchez Energy Partners I, LP

Antonio R. Sanchez, III

Gerald F. Willinger

(Names of Persons Filing Statement)

Common Units Representing Class B Limited Liability Company Interests

(Title of Class of Securities)

79971A 106

(CUSIP Number)

Stephen R. Brunner

President, Chief Executive Officer and Chief Operating Officer

Sanchez Production Partners LLC

1000 Main Street, Suite 3000

Houston, Texas 77002

(713) 783-8000

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

Antonio R. Sanchez, III

Co-President

Sanchez Oil & Gas Corporation

1000 Main Street, Suite 3000

Houston, Texas 77002

(713) 783-8000

With copies to:

G. Michael O Leary

Scott L. Olson

Andrews Kurth LLP

600 Travis, Suite 4200

Houston, Texas 77002

(713) 220-4200

This statement is filed in connection with (check the appropriate box):

- a The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14-C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- b The filing of a registration statement under the Securities Act of 1933.
- c A tender offer.
- d None of the above

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

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INTRODUCTION

This Transaction Statement on Schedule 13E-3, together with the exhibits hereto (the Transaction Statement), is being filed with the Securities and Exchange Commission (the SEC) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), by Sanchez Production Partners LLC (Sanchez), Sanchez Oil & Gas Corporation (SOG), SP Holdings, LLC (SP Holdings), Sanchez Energy Partners I, LP, Antonio R. Sanchez, III and Gerald F. Willinger.

This Transaction Statement relates to the Plan of Conversion, dated as of August 25, 2014 (the Plan of Conversion), of Sanchez Production Partners LLC (formerly known as Constellation Energy Partners LLC). If the Plan of Conversion is approved and adopted by the holders of Sanchez 's outstanding common units, Class A units and Class Z units, and the other conditions to the closing of the Conversion (as defined herein) are satisfied or waived, the transactions contemplated by the Plan of Conversion will be consummated, including, the conversion of each common unit of Sanchez into one common unit of Sanchez Production Partners LP, a Delaware limited partnership (Sanchez LP), the conversion of the outstanding Class A units of the Company will be converted into common units of Sanchez LP in a number equal to 2% of the Sanchez LP common units outstanding immediately after the Conversion (after taking into account the conversion of such Class A units) and the cancellation of the outstanding Class Z unit. In addition, an affiliate of SOG will become the general partner of Sanchez LP, and incentive distribution rights will be issued by Sanchez LP to SP Holdings. The transactions contemplated by the Plan of Conversion, including the agreement of limited partnership of Sanchez LP contemplated thereby, are referred to herein collectively as the Conversion.

Sanchez has filed with the Securities and Exchange Commission a registration statement on Form S-4 (Registration No. 333-198440) (as amended by Amendments No. 1, No. 2, No. 3, No. 4, No. 5, No. 6 and No. 7 thereto, the Form S-4), which contains a proxy statement/prospectus (the proxy statement/prospectus), which constitutes (i) a prospectus of Sanchez under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the common units of Sanchez LP to be issued in connection with the Conversion and (ii) a notice of meeting and a proxy statement of Sanchez under Section 14(a) of the Exchange Act, with respect to the special meeting of Sanchez 's unitholders, at which Sanchez 's unitholders will be asked to consider and vote on, among other matters, a proposal to approve the Plan of Conversion. A copy of the proxy statement/prospectus is filed herewith as Exhibit (a)-(3) and a copy of the Plan of Conversion is attached as Annex A to the proxy statement/prospectus.

The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the proxy statement/prospectus of the information required to be included in response to the items of Schedule 13E-3. The information contained in the proxy statement/prospectus, including all annexes thereto and documents incorporated by reference therein, is hereby expressly incorporated herein by reference. As of the date hereof, the proxy statement/prospectus is in preliminary form and is subject to completion. Terms used but not defined in this Schedule shall have the meanings given to them in the proxy statement/prospectus.

Item 1. Summary of Term Sheet

The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers about the Conversion

Questions and Answers about the Special Meeting

Summary

Item 2. Subject Company Information

(a) Name and Address. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Summary Executive Offices

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(b) Securities. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Summary Unitholders Entitled to Vote; Vote Required for Approval

(c) (d) Trading Market and Price; Dividends. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Listing of Sanchez LP Common Units

Cash Distribution Policy and Restrictions on Distributions of Sanchez LP

Provisions of the Partnership Agreement Relating to Cash Distributions

Comparison of Rights of Sanchez LP Common Unitholders and Company Common Unitholders Distributions of Available Cash

Price Range of Common Units

(e) Prior Public Offerings. Not applicable.

(f) Prior Stock Purchases. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

Where You Can Find More Information; Incorporation by Reference

Annex F Sanchez Entity Information

Item 3. Identity and Background of Filing Person

(a) Name and Address. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Executive Offices

Management

Annex F Sanchez Entity Information

(b) Business and Background of Entities. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Annex F Sanchez Entity Information

(c) Business and Background of Natural Persons. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Where You Can Find More Information; Incorporation by Reference

Management

Annex F Sanchez Entity Information

Item 4. Terms of the Transaction

(a)-(1) Material Terms. Not applicable.

(a)-(2) Material Terms. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors

The Special Meeting

Proposal No. 1: Approval of the Plan of Conversion

Description of the Common Units

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Comparison of the Rights of Sanchez LP Common Unitholders and Company Common Unitholders

Material U.S. Federal Income Tax Consequences of the Conversion

Material U.S. Federal Income Tax Consequences of Sanchez LP Common Unit Ownership

Annex A Plan of Conversion

(c) Different Terms. Not applicable.

(d) Appraisal Rights. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Appraisal Rights

(e) Provisions for Unaffiliated Security Holders. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

(f) Eligibility of Listing or Trading. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Listing of the Sanchez LP Common Units

Proposal No. 1: Approval of the Plan of Conversion Stock Exchange Listing

Item 5. Past Contracts, Transactions, Negotiations and Agreements

(a) Transactions. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Where You Can Find More Information; Incorporation by Reference

Special Factors Background of the Conversion and Relationship with SOG

Conflicts of Interest and Fiduciary Duties

Annex F Sanchez Entity Information

(b) Significant Corporate Events. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Where You Can Find More Information; Incorporation by Reference

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Proposal No. 1: Approval of the Plan of Conversion

Annex A Plan of Conversion

Annex F Sanchez Entity Information

(c) Negotiations or Contacts. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Where You Can Find More Information; Incorporation by Reference

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Proposal No. 1: Approval of the Plan of Conversion

Annex A Plan of Conversion

(d) Conflicts of Interest. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Conflicts of Interest and Fiduciary Duties

(e) Agreements Involving the Subject Company's Securities. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

Annex F Sanchez Entity Information

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Item 6. Purposes of the Transaction and Plans or Proposals

(b) Use of Securities Acquired. Not applicable.

(c) (1)-(8) Plans. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary The Conversion

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Special Factors Listing of Sanchez LP Common Units

Proposal No. 1: Approval of the Plan of Conversion

Comparison of the Rights of Sanchez LP Common Unitholders and Company Common Unitholders

Management

Annex A Plan of Conversion

Item 7. Purposes, Alternatives, Reasons and Effects

(a) Purposes. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary The Conversion

Proposal No. 1: Approval of the Plan of Conversion

(b) Alternatives. Not applicable.

(c) Reasons. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary The Conversion

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Proposal No. 1: Approval of the Plan of Conversion

Annex A Plan of Conversion

(d) Effects. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary The Conversion

Summary Treatment of Equity Awards

Summary Ownership of the Company

Summary Tax Consequences of the Conversion

Summary Payment of Distributions

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Special Factors Benefits and Detriments

Proposal No. 1: Approval of the Plan of Conversion

Cash Distribution Policy and Restrictions on Distributions of Sanchez LP

Provisions of the Partnership Agreement Relating to Cash Distributions

Description of the Common Units

The Partnership Agreement

Comparison of the Rights of Sanchez LP Common Unitholders and Company Common Unitholders

Price Range of Common Units

Material U.S. Federal Income Tax Consequences of the Conversion

Material U.S. Federal Income Tax Consequences of Sanchez LP Common Unit Ownership

Annex A Plan of Conversion

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Item 8. Fairness of the Transaction

(a)-(b) Fairness; Factors Considered in Determining Fairness. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers About the Conversion

Summary The Conversion

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Special Factors Affiliate Considerations

Proposal No. 1: Approval of the Plan of Conversion

Annex A Plan of Conversion

(c) Approval of Security Holders. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers about the Conversion

Questions and Answers about the Special Meeting

Special Factors Background of the Conversion and Relationship with SOG

The Special Meeting

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Proposal No. 1: Approval of the Plan of Conversion

(d) Unaffiliated Representative. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

(e) Approval of Managers. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

(f) Other Offers. No offer of the type described in paragraph (viii) of Instruction 2 to Regulation M-A has been received

Item 9. Reports, Opinions, Appraisals and Negotiations

(a) Report, Opinion or Appraisal. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

(b) Preparer and Summary of the Report, Opinion or Appraisal. Not applicable.

(c) Availability of Documents. Not applicable.

Item 10. Source and Amount of Funds or Other Consideration

(a) Source of Funds. Not applicable.

(b) Conditions. Not applicable.

(c) Expenses. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

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Conversion Costs and Expenses

Annex F Sanchez Entity Information

(d) Borrowed Funds. Not applicable.

Item 11. Interest in Securities of the Subject Company

(a) Securities Ownership. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Ownership of the Company

Proposal No. 1: Approval of the Conversion Interests of Our Managers and Officers in the Conversion

Security Ownership of Certain Beneficial Owners and Management

Annex F Sanchez Entity Information

(b) Securities Transactions. Not applicable.

Item 12. The Solicitation or Recommendation

(d) Intent to Tender or Vote in a Going-Private Transaction. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

(e) Recommendations of Others. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors General Description and Effects of the Conversion

Special Factors Background of the Conversion and Relationship with SOG

Special Factors Recommendation of Our Board of Managers and its Reasons for the Conversion

Item 13. Financial Statements

(a) Financial Information. The information set forth in the proxy statement/prospectus under the following captions is incorporated herein by reference:

Ratio of Earnings to Fixed Charges

Price Range of Common Units

Where You Can Find More Information; Incorporation by Reference

(b) Pro Forma Information. Not applicable

Item 14. Persons/Assets, Retained, Employed, Compensated or Used

(a) Solicitation or Recommendations. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

The Special Meeting Solicitation of Proxies and Expenses

(b) Employees and Corporate Assets. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Where You Can Find More Information; Incorporation by Reference

Item 15. Additional Information

(b) Golden Parachutes. The information set forth in the proxy statement/prospectus under the following caption is incorporated herein by reference:

Proposal No. 1: Approval of the Plan of Conversion Interests of Our Managers and Executive Officers

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(c) Other Material Information. The information contained in the proxy statement/prospectus, including all annexes thereto, is incorporated herein by reference.

Item 16. Exhibits

(a)-(1) Letter to Unitholders of Sanchez Production Partners LLC, incorporated herein by reference to the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(a)-(2) Notice of Special Meeting of Unitholders of Sanchez Production Partners LLC, incorporated herein by reference to the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(a)-(3) Proxy Statement of Sanchez Production Partners LLC, incorporated herein by reference to the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(a)-(4) Prospectus of Sanchez Production Partners LLC, incorporated herein by reference to the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(a)-(5) Press Release dated August 28, 2014, incorporated herein by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by Sanchez Production Partners with the Securities and Exchange Commission on August 28, 2014

(a)-(6) Form of Proxy for Sanchez Production Partners LLC Common Units, incorporated by reference to Exhibit 99.1 to Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(b) Not applicable

(c) Not applicable

(d)-(1) Plan of Conversion of Constellation Energy Partners LLC, incorporated herein by reference to Annex A to the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(d)-(2) Registration Rights Agreement, dated as of August 9, 2013, between Sanchez Production Partners LLC and Sanchez Energy Partners I, LP, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on August 9, 2013

(d)-(3) Shared Services Agreement, dated May 8, 2014, between Sanchez Production Partners LLC and SP Holdings, LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on May 8, 2014

(f) Appraisal Rights, incorporated herein by reference to the Section entitled Appraisal Rights in the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015

(g) Not applicable

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SIGNATURES

After due 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.

SANCHEZ PRODUCTION PARTNERS LLC

By: /s/ Stephen R. Brunner
Name: Stephen R. Brunner
Title: President, Chief Executive Officer and
Chief Operating Officer
Date: January 26, 2015

SANCHEZ OIL & GAS CORPORATION

By: /s/ Antonio R. Sanchez, III
Name: Antonio R. Sanchez, III
Title: Co-President
Date: January 26, 2015

SP HOLDINGS, LLC

By: SP Capital Holdings, LLC, its manager

By: /s/ Antonio R. Sanchez, III
Name: Antonio R. Sanchez, III
Title: Manager
Date: January 26, 2015

SANCHEZ ENERGY PARTNERS I, LP

By: SEP Management I, LLC, its general
partner

By: /s/ Antonio R. Sanchez, III
Name: Antonio R. Sanchez, III
Title: President & Chief Executive Officer
Date: January 26, 2015

/s/ Antonio R. Sanchez, III
Name: Antonio R. Sanchez, III
Date: January 26, 2015

/s/ Gerald F. Willinger
Name: Gerald F. Willinger
Date: January 26, 2015

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Exhibit Index

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- (a)-(6) Form of Proxy for Sanchez Production Partners LLC Common Units, incorporated by reference to Exhibit 99.1 to Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015
- (b) Not applicable
- (c) Not applicable
- (d)-(1) Plan of Conversion of Constellation Energy Partners LLC, incorporated herein by reference to Annex A to the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015
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- (f) Appraisal Rights, incorporated herein by reference to the Section entitled Appraisal Rights in the proxy statement/prospectus included in Amendment No. 7 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LLC with the Securities and Exchange Commission on January 26, 2015
- (g) Not applicable