

Midstates Petroleum Company, Inc.
Form 8-K
May 02, 2016

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report
April 30, 2016
(Date of earliest event reported)

MIDSTATES PETROLEUM COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-35512
(Commission File Number)

45-3691816
(I.R.S. Employer
Identification No.)

321 South Boston Avenue, Suite 1000
Tulsa, Oklahoma
(Address of principal executive offices, including zip code)

(918) 947-8550
(Registrant's telephone number, including area code)

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Not Applicable.

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

.. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

.. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

.. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

.. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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conditions of the term sheets (the Term Sheet), which were attached as Exhibit A and Exhibit B to the Plan Support Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan Support Agreement.

The key terms of the restructuring, as contemplated in the Plan Support Agreement and Term Sheet, are as follows:

- Substantial Deleveraging of Balance Sheet: The Plan Support Agreement contemplates (i) the permanent pay-down of \$82 million of the Company's Credit Facility, which will be replaced with a \$170 million exit facility (the Exit Facility) upon emergence, (ii) the pay-down of up to \$60 million of the Company's Second Lien Notes in cash, and (iii) the conversion into equity of all of the Company's remaining debt that is junior to the Credit Facility.

- **Intercreditor Settlement:** Equity distributions among the noteholder classes will be made in accordance with an intercreditor settlement among the Plan Support Agreement Parties (the Settlement), which provides for a valuation allocation with respect to the Company's assets that are encumbered or unencumbered as of the Petition Date, such that the equity of the reorganized Company will be allocated 98.8% on account of prepetition collateral and 1.2% on account of unencumbered assets.
- **Credit Facility Claims:** Holders of allowed claims under the Credit Facility (the Credit Facility Claims) will receive their pro rata share of approximately \$82 million in cash and the Credit Facility will be replaced by the Exit Facility.
- **Second Lien Notes Claims:** Holders of allowed claims under the Second Lien Notes (the Second Lien Notes Claims) will receive their pro rata share of (a) 96.3% of the equity of the reorganized Company (subject to increase to 98.8% if the Third Lien Intercreditor Settlement (as defined below) is not approved as part of the Plan) and (b) cash payments equal to the amount of cash the Company holds at emergence, less cash distributions and reserves to be funded under the Plan (including the cash payment to, and a \$40 million cash collateral account for the benefit of, the Credit Facility Lenders) and \$70 million, subject to a maximum cash distribution to Second Lien Noteholders of \$60 million.
- **Third Lien Notes Claims:** Holders of allowed claims under the Third Lien Notes (the Third Lien Notes Claims) will receive their pro rata share of 2.5% of the equity in the reorganized Company and warrants to acquire 15% of such equity (the Third Lien Intercreditor Settlement). These warrants will carry a strike price based on an equity valuation for the Company of \$600 million and will expire 42 months after the Company emerges from the Chapter 11 Cases.
- **Unsecured Claims:** Holders (the Unsecured Noteholders) of allowed claims under the Debtors' 10.75% Unsecured Notes (the 10.75% Unsecured Notes Claims), the holders of allowed claims under the 9.25% Unsecured Notes (the 9.25% Unsecured Notes Claims , and together with the 10.75% Unsecured Notes Claims, the Unsecured Notes Claims), and the Holders of other unsecured claims will receive their pro rata share of 1.2% of the equity in the reorganized Company (the Unencumbered Assets Equity Distribution).
- **Existing Equity:** All existing equity interests of the Company will be extinguished, and existing equity holders would not receive consideration in respect of their equity interests.
- **Exit Facility:** The Exit Facility will have an initial borrowing base of \$170 million with no borrowing base redeterminations to occur until April 2018 (provided certain conditions are met) and semiannual borrowing base redeterminations thereafter. The Exit Facility will mature on the earlier of September 30, 2020, or 4 years since the Plan effective date, with interest payable at LIBOR plus 4.50% per annum, subject to a 1.00% LIBOR floor. The Exit

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Facility will be secured by first priority mortgages on at least 95% of the proved oil and gas reserves and all other oil and gas properties included in the most recently delivered reserve report, pledges of capital stock, a first priority security interest in the cash, cash equivalents, deposit, securities and other similar accounts, and a first-priority perfected security interest in substantially all other tangible and intangible assets (including but not limited to as-extracted collateral, accounts receivable, inventory, equipment, general intangibles, investment property, intellectual property, real property and the proceeds of the foregoing). The Exit Facility is subject to a variety of other

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- 12.0% Third Lien Senior Secured Notes due 2020, issued pursuant to the Indenture, dated May 21, 2015, by and among the Debtors, as issuers, and Wilmington Trust, National Association, as trustee and collateral agent (as amended, modified, or otherwise supplemented from time to time);
- 10.75% Senior Notes due 2020, issued pursuant to the Indenture, dated as of October 1, 2012, among the Debtors, as issuers, and Wells Fargo Bank, N.A., as trustee (as amended, restated supplemented, or otherwise modified from time to time); and

- 9.25% Senior Notes due 2021, issued pursuant to the Indenture, dated as of May 31, 2013, among the Debtors, as issuers, and Wells Fargo Bank, N.A., as trustee (as amended, restated, supplemented or otherwise modified from time to time).

The Debt Instruments provide that as a result of the Bankruptcy Petitions the principal and interest due thereunder shall be immediately due and payable. Any efforts to enforce such payment obligations under the Debt Instruments are automatically stayed as a result of the Bankruptcy Petitions, and the creditors' rights of enforcement in respect of the Debt Instruments are subject to the applicable provisions of the Bankruptcy Code.

Item 7.01 Regulation FD Disclosure.

On May 1, 2016, the Company issued a press release announcing the filing of the Chapter 11 Cases, as described above in Item 1.03. The press release is attached hereto as Exhibit 99.1 to this Form 8-K.

In addition, in connection with discussions and negotiations with certain of its creditors, the Company entered into confidentiality agreements with such creditors prior to the filing of the Chapter 11 Cases. Pursuant to the confidentiality agreements, the Company agreed to publicly disclose all material non-public information regarding the Company provided to such creditors and referenced in the confidentiality agreements (the Cleansing Materials). A copy of the Cleansing Materials is attached as Exhibit 99.2 to this Form 8-K.

The information included in this Form 8-K under Item 7.01, Exhibit 99.1 and Exhibit 99.2 is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to liabilities of that Section, unless the registrant specifically states that the information is to be considered filed under the Exchange Act or incorporates it by reference into a filing under the Exchange Act or the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits.

Exhibit	Description
10.1	Plan Support Agreement, dated as of April 30, 2016, by and among the Debtors and the supporting parties thereto.
99.1	Press Release.
99.2	Cleansing Materials.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

May 2, 2016

MIDSTATES PETROLEUM COMPANY, INC.

By:	/s/ Scott C. Weatherholt
Name:	Scott C. Weatherholt
Title:	Vice President - General Counsel & Corporate Secretary