

Edgar Filing: Independence Contract Drilling, Inc. - Form SC 13D

Independence Contract Drilling, Inc.
Form SC 13D
October 03, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

INDEPENDENCE CONTRACT DRILLING, INC.

(Name of Issuer)

Common Stock, \$0.01 par value per share

(Title of Class of Securities)

453415309

(CUSIP Number)

Alan L. Dye
C. Alex Bahn
Hogan Lovells US LLP
555 13th Street, NW
Washington, DC 20004
202-637-5600

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

October 1, 2018

(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 §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. []

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

The remainder of this 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 (however, see the Notes).

CUSIPNO. 453415309 SCHEDULE 13D

1 NAMES OF
REPORTING
PERSONS

MSD Capital, L.P.

2 CHECK THE
APPROPRIATE BOX IF (a)
A MEMBER OF A
GROUP

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
(See Instructions)

AF

5 CHECK IF
DISCLOSURE OF
LEGAL
PROCEEDINGS IS
REQUIRED
PURSUANT TO ITEMS
2(d) OR 2(e)

6 CITIZENSHIP OR
PLACE OF
ORGANIZATION

Delaware

7 SOLE
VOTING

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	POWER -0- SHARED VOTING POWER 4,471,800 SOLE DISPOSITIVE POWER -0- SHARED DISPOSITIVE POWER 4,471,800
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11 AGGREGATE
AMOUNT
BENEFICIALLY
OWNED BY EACH
REPORTING PERSON

4,471,800

12 CHECK IF THE
AGGREGATE
AMOUNT IN ROW (11)
EXCLUDES CERTAIN
SHARES (See
Instructions)

13 PERCENT OF CLASS
REPRESENTED BY
AMOUNT IN ROW (11)

6.0%₊

14 TYPE OF
REPORTING PERSON
(See Instructions)

PN

* See Item 5.

The percentage used herein and in the rest of this Schedule 13D is calculated based upon 75,000,000 shares of the Issuer's Common Stock outstanding as of October 1, 2018 after giving effect to the issuance of shares of the Issuer's Common Stock in the merger described in the Issuer's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on August 29, 2018.

CUSIP NO. 453415309 SCHEDULE 13D

1 NAMES OF
REPORTING PERSONS

MSD Energy
Investments, L.P.

2 CHECK THE
APPROPRIATE BOX IF (a)
A MEMBER OF A
GROUP (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
(See Instructions)

WC

5 CHECK IF
DISCLOSURE OF
LEGAL
PROCEEDINGS IS
REQUIRED
PURSUANT TO ITEMS
2(d) OR 2(e)

6 CITIZENSHIP OR
PLACE OF
ORGANIZATION

Delaware

NUMBER OF SOLE
SHARES 7 VOTING
BENEFICIALLY POWER
OWNED BY
EACH -0-
REPORTING

PERSON WITH	SHARED
8	VOTING POWER
	4,471,800
	SOLE
9	DISPOSITIVE POWER
	-0-
	SHARED
10	DISPOSITIVE POWER
	4,471,800
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
	4,471,800
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
	6.0% ₊
14	TYPE OF REPORTING PERSON (See Instructions)
	PN

* See Item 5.

CUSIP NO. 453415309 SCHEDULE 13D

1 NAMES OF REPORTING PERSONS

Michael S. Dell

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

-0-

8 SHARED VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

4,471,800

9 SOLE DISPOSITIVE POWER

-0-

10 SHARED DISPOSITIVE POWER

4,471,800

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON

4,471,800

12 CHECK IF THE
AGGREGATE AMOUNT IN
ROW (11) EXCLUDES
CERTAIN SHARES (See
Instructions)

13 PERCENT OF CLASS
REPRESENTED BY
AMOUNT IN ROW (11)

6.0%_±

14 TYPE OF REPORTING
PERSON (See Instructions)

IN

Item 1. Security and Issuer.

This Schedule 13D relates to the shares of Common Stock, par value \$0.01 per share (the "Shares"), of Independence Contract Drilling, Inc. (the "Issuer"). The principal executive offices of the Issuer are located at 11601 North Galayda Street, Houston, Texas 77086.

Item 2. Identity and Background.

(a) The persons filing this Schedule 13D are MSD Capital, L.P. ("MSD Capital"), a Delaware limited partnership, MSD Energy Investments, L.P. ("MSD Energy Investments"), a Delaware limited partnership, and Michael S. Dell. MSD Capital, MSD Energy Investments and Mr. Dell are collectively referred to in this Schedule 13D as the "Reporting Persons."

(b) The principal business address of both MSD Partners and MSD Energy Investments is 645 Fifth Avenue, 21st Floor, New York, New York 10022.

The address of the principal business office of Mr. Dell is c/o Dell, Inc., One Dell Way, Round Rock, Texas, 78682.

(c) This Schedule 13D is filed on behalf of the Reporting Persons. MSD Energy Investments is the record and direct beneficial owner of the Shares owned herein. MSD Capital is the general partner of MSD Energy Investments. MSD Capital Management LLC, a Delaware limited liability company ("MSD Capital Management") is the general partner of MSD Capital. Michael S. Dell is the controlling member of, and may be deemed to beneficially own securities

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beneficially owned by, MSD Capital Management. Each of Glenn R. Fuhrman, John C. Phelan and Marc R. Lisker is a manager of, and may be deemed to beneficially own securities beneficially owned by, MSD Capital Management. The principal business of MSD Energy Investments is purchasing, holding and selling securities for investment purposes. The principal business of MSD Capital is investment management. The principal business of MSD Management is serving as the general partner of MSD Capital. The principal business of Mr. Dell is serving as Chief Executive Officer and Chairman of Dell Technologies Inc.

The Reporting Persons have entered into a Joint Filing Agreement, dated October 3, 2018, a copy of which is filed with this Schedule 13D as Exhibit 99.1, pursuant to which the Reporting Persons have agreed to file this statement jointly in accordance with the provisions of Rule 13d-1(k)(1) under the Act.

Neither the filing of this statement nor anything herein shall be construed as an admission that any person other than the Reporting Persons is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, the beneficial owner of any securities covered by this statement.

(d) During the last five years, none of the foregoing entities or persons has been convicted in a criminal proceeding of the type specified in Item 2(d) of Schedule 13D.

(e) During the last five years, none of the foregoing entities or persons was 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.

(f) MSD Capital, MSD Energy Investments and MSD Capital Management are organized under the laws of the State of Delaware, and Mr. Dell is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration

October 1, 2018 marked the closing of the merger (the "Merger") contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated as of July 18, 2018, by and among the Issuer, Patriot Saratoga Merger Sub, LLC, ("Merger Sub"), Sidewinder Drilling LLC ("Sidewinder") and MSD Credit Opportunity Master Fund, L.P. ("Master Fund," an affiliate of MSD Partners, L.P., a Delaware limited partnership ("MSD Partners")), in its capacity as Members' Representative. In connection with the Merger, Merger Sub was merged with and into Sidewinder, with Sidewinder surviving the Merger as a wholly-owned subsidiary of the Issuer.

In connection with the Merger and pursuant to the Merger Agreement, the Issuer issued 36,752,657 Shares as consideration to the former holders of Series A Common Units in Sidewinder. Sidewinder was majority owned by MSD Energy Investments and certain affiliates of MSD Partners. MSD Energy Investments was issued 4,471,800 Shares in the Merger.

Item 4. Purpose of Transaction.

The material in Item 3 is incorporated by reference herein.

Stockholders' Agreement

On July 18, 2018, concurrently with the execution of the Merger Agreement, the Issuer and MSD Energy Investments and certain other member parties thereto (the "Member Parties") who were to receive merger consideration pursuant to the Merger Agreement entered into a stockholders' agreement (the "Original Stockholders' Agreement"), related to the period following the consummation of the Merger. In connection with the closing of the Merger, the Issuer entered into an Amended and Restated Stockholders' Agreement dated as of October 1, 2018, among the Issuer and the

Member Parties named therein (the "Stockholders' Agreement"). The Stockholders Agreement was entered into to add and include only parties who were members of Sidewinder as of the effective date of the Merger. All other material terms remain unchanged.

Pursuant to the Stockholders' Agreement, immediately following the effective time of the Merger, the Issuer caused its board of directors (the "Board") to be comprised of a total of seven directors, including, consistent with the Merger Agreement, four existing directors of the Issuer, two designated representatives of Master Fund, and the new Chief Executive Officer of the Issuer. After the effective time of the Merger, the Issuer also agreed, for so long as certain ownership and other conditions are met, to cause to be appointed to the Board two representatives of Master Fund, at least one of which must be, in the good faith determination of the Board or the Issuer's Governance Committee, an independent director, (ii) the Chief Executive Officer of the Issuer immediately following the effective time of the Merger, and (iii) the four other existing directors of the Issuer. In addition, Master Fund and MSD Energy Investments have agreed to certain limitations on their voting rights, for an agreed upon period of time, in respect of their Shares.

Pursuant to Master Fund's board designation rights under the Stockholders' Agreement, two representatives of Master Fund were appointed to the Board as directors on October 1, 2018: Adam Piekarski, a principal of MSD Partners, and James Minmier, who is unaffiliated with the Reporting Persons.

In addition, pursuant to the Stockholders' Agreement, the Reporting Persons are restricted from transferring any equity securities of the Company, subject to certain permitted exceptions, until the earlier of (i) 180 days after the consummation of the Merger or (ii) 10 days after the filing of the Issuer's annual report on Form 10-K for the year ended December 31, 2018.

Further, the Issuer is required to use its commercially reasonable best efforts to file, as soon as practicable, a shelf registration statement under the Securities Act of 1933, as amended (the "Securities Act"), to permit the public resale of all the registrable securities held by the Reporting Persons and to use its reasonable best efforts to cause such shelf registration statement to be declared effective as promptly as practicable within 180 days of the consummation of the Merger.

The foregoing summary descriptions of the Original Stockholders' Agreement, the Stockholders Agreement, and the transactions contemplated thereby are subject to and qualified in their entirety by reference to the Original Stockholders' Agreement, a copy of which is attached as Exhibit 10.1 to the Issuer's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 19, 2018, the terms of which are incorporated herein by reference, and the Stockholder's Agreement, a copy of which is attached as Exhibit 10.1 to the Issuer's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 2, 2018, the terms of which are incorporated herein by reference.

General

Except to the extent that the foregoing may be deemed to be a plan or proposal, none of the Reporting Persons currently has any plans or proposals that relate to or would result in any of the actions specified in clause (a) through (j) of Item 4 of Schedule 13D. Depending upon the foregoing factors and to the extent deemed advisable in light of their general investment policies, or other factors, the Reporting Persons may, at any time and from time to time, formulate other purposes, plans or proposals regarding the Issuer or the Shares, or any other actions that could involve one or more of the types of transactions or have one or more of the results described in paragraphs (a) through (j) of Item 4 of Schedule 13D. The foregoing is subject to change at any time, and there can be no assurance that either of the Reporting Persons will take any of the actions set forth above.

Each of the Reporting Persons reserves the right, in light of its ongoing evaluation of the Issuer's financial condition, business, operations and prospects, the market price of the Shares, conditions in the securities markets generally, general economic and industry conditions, its business objectives and other relevant factors, to change its plans and

intentions at any time, as it deems appropriate. In particular, any one or more of the Reporting Persons (and their respective affiliates) reserves the right, in each case subject to any applicable law and any applicable agreement described above, to (i) purchase Shares or other securities of the Issuer, (ii) sell or transfer the securities beneficially owned by them from time to time in public or private transactions, (iii) cause any of the Reporting Persons to distribute in kind to their respective partners or members, as the case may be, Shares or other securities of the Issuer owned by such entities, (iv) enter into privately negotiated derivative transactions with institutional counterparties to hedge the market risk of some or all of their positions in the securities of the Issuer and (v) consider participating in a business combination transaction that would result in the acquisition of all of the Issuer's outstanding Shares.

Item 5. Interest in Securities of the Issuer

Items 5(a) and (b):

A. MSD Capital L.P.

As of the date hereof, MSD Capital, L.P. beneficially owns, in aggregate, 4,471,800 Shares, representing 6.0% of the Issuer's outstanding Shares.¹

(b) Number of shares as to which such person has:

- (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 4,471,800
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 4,471,800

B. MSD Energy Investments, L.P.

As of the date hereof, MSD Energy Investments, L.P. beneficially owns, in aggregate, 4,471,800 Shares, representing 6.0% of the Issuer's outstanding Shares.¹

(b) Number of shares as to which such person has:

- (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 4,471,800
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 4,471,800

C. Michael S. Dell

As of the date hereof, Michael S. Dell beneficially owns, in
(a) aggregate, 4,471,800 Shares, representing 6.0% of the Issuer's
outstanding Shares.¹

(b) Number of shares as to which such person has:

- (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 4,471,800
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 4,471,800

¹ Based upon 75,000,000 Shares outstanding as of October 1, 2018 after giving effect to the issuance of Shares in the merger described in the Issuer's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on August 29, 2018

D. MSD Capital Management, LLC

As of the date hereof, MSD Capital Management, LLC
(a) beneficially owns, in aggregate, 4,471,800 Shares, representing
6.0% of the Issuer's outstanding Shares.¹

(b) Number of shares as to which such person has:

- (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 4,471,800
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 4,471,800

E. Glenn R. Fuhrman

As of the date hereof, Glenn R. Fuhrman beneficially owns, in
(a) aggregate, 4,471,800 Shares, representing 6.0% of the Issuer's
outstanding Shares.¹

(b) Number of shares as to which such person has:

- (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 4,471,800
- (iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 4,471,800

F. Marc R. Lisker

As of the date hereof, Marc R. Lisker beneficially owns, in

(a) aggregate, 4,471,800 Shares, representing 6.0% of the Issuer's outstanding Shares. 1

(b) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 4,471,800

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 4,471,800

G. John C. Phelan

As of the date hereof, John C. Phelan beneficially owns, in

(a) aggregate, 4,471,800 Shares, representing 6.0% of the Issuer's outstanding Shares. 1

(b) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 4,471,800

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 4,471,800

Item 5(c):

Not applicable

Item 5(d):

Not applicable.

Item 5(e):

Not Applicable.

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

The information in Items 3 and 4 is incorporated by reference herein.

Other than as described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7. Material to be
filed as
Exhibits

Exhibit Description
of Exhibit

99.1 Joint Filing
Agreement
dated October
3, 2018.

99.2 Agreement
and Plan of
Merger, dated
as of July 18,
2018, by and
among
Independence
Contract
Drilling, Inc.,
Patriot
Saratoga
Merger Sub
LLC, and
Sidewinder
Drilling, LLC
(incorporated
by reference
to Exhibit 2.1
to the Issuer's
Current
Report on
Form 8-K
filed with the
Securities and
Exchange
Commission
on July 19,
2018)

99.3 Stockholders'
Agreement,
dated as of
July 18, 2018,
by and among

Independence
Contract
Drilling, Inc.,
the Holders
party thereto
(incorporated
by reference
to Exhibit
10.1 to the
Issuer's
Current
Report on
Form 8-K
filed with the
Securities and
Exchange
Commission
on July 19,
2018)

99.4 Amended and
Restated
Stockholders'
Agreement,
dated as of
October 1,
2018, by and
among
Independence
Contract
Drilling, Inc.
and the
Member
Parties thereto
(incorporated
by reference
to Exhibit
10.1 to the
Issuer's
Current
Report on
Form 8-K
filed with the
Securities and
Exchange
Commission
on October 2,
2018)

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.

Dated: October 3, 2018

MSD Capital, L.P.

By: MSD Capital Management LLC
Its: General Partner

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Manager

MSD Energy Investments, L.P.

By: MSD Capital, L.P.
Its: General Partner

By: MSD Capital Management LLC
Its: General Partner

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Manager

Michael S. Dell

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Attorney-in-Fact

Exhibit 99.1

JOINT FILING AGREEMENT

October 3, 2018

The undersigned hereby agree as follows:

(i) Each of them is individually eligible to use the Schedule 13D to which this Exhibit is attached, and such Schedule 13D is filed on behalf of each of them; and

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(ii) Each of them is responsible for the timely filing of such Schedule 13D and any amendments thereto, and for the completeness and accuracy of the information concerning such person contained therein; but none of them is responsible for the completeness or accuracy of the information concerning the other persons making the filing, unless such person knows or has reason to believe that such information is inaccurate.

Date: October 3, 2018

MSD Capital, L.P.

By: MSD Capital Management LLC
Its: General Partner

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Manager

MSD Energy Investments, L.P.

By: MSD Capital, L.P.
Its: General Partner

By: MSD Capital Management LLC
Its: General Partner

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Manager

Michael S. Dell

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Attorney-in-Fact