

Sanchez Production Partners LP
Form SC 13D/A
January 27, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 1)*

SANCHEZ PRODUCTION PARTNERS LP
(Name of Issuer)

COMMON UNITS
(Title of Class of Securities)

79971C201
(CUSIP Number)

Adrienne Saunders
General Counsel
c/o Stonepeak Infrastructure Partners
717 Fifth Avenue, 25th Floor
New York, NY 10022
212-907-5100
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 6, 2016
(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. []

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 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 the disclosures provided in a prior cover page.

The information required in 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).

SCHEDULE 13D

CUSIP No: 79971C201 Page 2 of 14 Pages

1 NAMES OF REPORTING PERSONS
STONEPEAK CATARINA HOLDINGS LLC
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

3 (a)
(b)
SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER
0

8 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

9 SHARED VOTING POWER
31,000,887
SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
31,000,887

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

31,000,887

12

CHECK IF THE AGGREGATE
AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
OO

SCHEDULE 13D

CUSIP No: 79971C201 Page 3 of 14 Pages

| | |
|----|--|
| 1 | NAMES OF REPORTING PERSONS |
| 2 | STONEPEAK CATARINA UPPER HOLDINGS LLC CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) |
| 3 | (a) (b) SEC USE ONLY |
| 4 | SOURCE OF FUNDS (SEE INSTRUCTIONS) AF |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E) |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION Delaware |
| 7 | SOLE VOTING POWER 0 |
| 8 | SHARED VOTING POWER 31,000,887 |
| 9 | SOLE DISPOSITIVE POWER 0 |
| 10 | SHARED DISPOSITIVE POWER 31,000,887 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 31,000,887 |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) |

EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
OO, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 4 of 14 Pages

| | |
|----|---|
| 1 | NAMES OF REPORTING PERSONS |
| 2 | STONEPEAK INFRASTRUCTURE FUND (ORION AIV) LP CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) |
| 3 | (a) (b) SEC USE ONLY |
| 4 | SOURCE OF FUNDS (SEE INSTRUCTIONS) AF |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E) |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION Delaware |
| 7 | SOLE VOTING POWER 0 |
| 8 | SHARED VOTING POWER 31,000,887 |
| 9 | SOLE DISPOSITIVE POWER 0 |
| 10 | SHARED DISPOSITIVE POWER 31,000,887 |
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EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
PN, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 5 of 14 Pages

NAMES OF REPORTING PERSONS

1

STONEPEAK ASSOCIATES LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)
(b)
SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

AF

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7 0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8 31,000,887

SOLE DISPOSITIVE POWER

9 0

SHARED DISPOSITIVE POWER

10 31,000,887

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

31,000,887

CHECK IF THE AGGREGATE AMOUNT IN ROW (11)

12

EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
OO, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 6 of 14 Pages

| | |
|----|---|
| 1 | NAMES OF REPORTING PERSONS |
| | STONEPEAK GP HOLDINGS LP |
| 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) |
| | AF |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E) |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION |
| | Delaware |
| | SOLE VOTING POWER |
| 7 | 0 |
| 8 | NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH SHARED VOTING POWER |
| | 31,000,887 |
| 9 | SOLE DISPOSITIVE POWER |
| | 0 |
| 10 | SHARED DISPOSITIVE POWER |
| | 31,000,887 |
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(SEE INSTRUCTIONS)

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REPRESENTED BY AMOUNT IN
ROW (11)

70.1%

14 TYPE OF REPORTING PERSON
PN, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 7 of 14 Pages

NAMES OF REPORTING PERSONS

1

STONEPEAK GP INVESTORS LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)
(b)
SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

AF

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7 0

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8 31,000,887

SOLE DISPOSITIVE POWER

9 0

SHARED DISPOSITIVE POWER

10 31,000,887

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

31,000,887

CHECK IF THE AGGREGATE AMOUNT IN ROW (11)

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EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
OO, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 8 of 14 Pages

| | |
|----|--|
| 1 | NAMES OF REPORTING PERSONS |
| 2 | STONEPEAK GP INVESTORS MANAGER LLC CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) |
| 3 | (a) (b) SEC USE ONLY |
| 4 | SOURCE OF FUNDS (SEE INSTRUCTIONS) WC |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E) |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION Delaware |
| 7 | SOLE VOTING POWER 0 |
| 8 | SHARED VOTING POWER 31,000,887 |
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| 10 | SHARED DISPOSITIVE POWER 31,000,887 |
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EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
OO, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 9 of 14 Pages

| | |
|----|--|
| 1 | NAMES OF REPORTING PERSONS |
| | MICHAEL DORRELL |
| 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) |
| | AF |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E) |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION |
| | United States of America |
| | SOLE VOTING POWER |
| | 7 0 |
| 8 | NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH |
| | SHARED VOTING POWER |
| | 31,000,887 |
| | SOLE DISPOSITIVE POWER |
| | 9 0 |
| | SHARED DISPOSITIVE POWER |
| | 10 31,000,887 |
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EXCLUDES CERTAIN SHARES
(SEE INSTRUCTIONS)

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

70.1%

14 TYPE OF REPORTING PERSON
IN, HC

SCHEDULE 13D

CUSIP No: 79971C201 Page 10 of 14 Pages

NAMES OF REPORTING
PERSONS

1

TRENT VICHIE

CHECK THE APPROPRIATE BOX
IF A MEMBER OF A GROUP (SEE
INSTRUCTIONS)

2

(a)
(b)
SEC USE ONLY

3

SOURCE OF FUNDS (SEE
INSTRUCTIONS)

4

AF

CHECK IF DISCLOSURE OF
LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEM
2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF
ORGANIZATION

6

United States of America

SOLE VOTING POWER

7 0

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

SHARED VOTING POWER

8 31,000,887

SOLE DISPOSITIVE POWER

9 0

SHARED DISPOSITIVE POWER

10 31,000,887

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON

11

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(SEE INSTRUCTIONS)

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ROW (11)

70.1%

14 TYPE OF REPORTING PERSON
IN, HC

SCHEDULE 13D

Page 11 of 14 Pages

Item 1. Security and Issuer

Item 1 of the Schedule 13D is hereby amended by adding the following:

This Amendment No. 1 to Schedule 13D (“Amendment No. 1”) is being filed by the undersigned, pursuant to §240.13d-2(a), with respect to the Common Units (the “Common Units”) of Sanchez Production Partners LP (the “Issuer”) that the Reporting Persons are deemed to beneficially own through ownership of Class B Preferred Units (“Preferred Units”) of the Issuer. The Issuer’s principal executive offices are located at 1000 Main Street, Suite 3000, Houston, Texas 77002. This Amendment No. 1 amends and supplements the statement on the Schedule 13D filed with the Securities and Exchange Commission (the “SEC”) on October 26, 2015 (the “Schedule 13D”). Except as specifically provided herein, this Amendment No. 1 does not modify any of the information previously reported in the Schedule 13D. Capitalized terms used herein and not otherwise defined in this Amendment No. 1 have the meanings set forth in the Schedule 13D.

Item 4. Purpose of Transaction

Item 4 of the Schedule 13D is hereby amended by adding the following:

In accordance with Section 5.10(g) of the Amended Partnership Agreement, upon the Issuer issuing Common Units during the Subsequent Issuance Period (defined in the Amended Partnership Agreement, which is incorporated by reference to Exhibit C to the Schedule 13D) at a price of less than \$18.00 per Common Unit, (i) the price per Preferred Unit is to be adjusted to be equal to the volume weighted average price for which such Common Units were issued during the Subsequent Issuance Period (such adjusted price, the “New Preferred Unit Price”), and (ii) the number of Class B Preferred Units held by Stonepeak Catarina Holdings LLC is to be split to take into account the New Preferred Unit Price (the “Split”).

On December 6, 2016, the Issuer determined that, based on the Common Units it had issued during the Subsequent Issuance Period, the New Preferred Unit Price should be set at \$11.95. Based on the New Preferred Unit Price, the Issuer instructed its transfer agent (the “December Instruction”) to effect the Split by issuing 9,851,996 new Preferred Units to Stonepeak Catarina Holdings LLC.

The Reporting Persons disagreed with the New Preferred Unit Price set by the Issuer and, as a result, the number of Preferred Units resulting from the Split, and have engaged in negotiations with the Issuer to set an agreed-upon New Preferred Unit Price. Until the Reporting Persons and the Issuer agreed upon the New Preferred Unit Price on January 25, 2017, the Reporting Persons disclaimed beneficial ownership over the 9,851,996 Preferred Units that were issued to it by the Issuer on December 6, 2016, and the filing of this Amendment No. 1 shall not be construed as an admission that the Reporting Persons, for the purposes of Sections 13(d) or 13(g) of the Act, were the beneficial owner of such 9,851,996 Preferred Units before January 25, 2017.

Effective January 25, 2017, the Reporting Persons entered into a Settlement Agreement and Release (the “Settlement Agreement”) with the Issuer, pursuant to which it was agreed that, under Section 5.10(g) of the Amended Partnership Agreement, the New Preferred Unit Price should be \$11.29 and additional Preferred Units shall be issued such that Stonepeak Catarina Holdings LLC receives 11,556,442 new Preferred Units, including those Preferred Units issued as a result of the December Instruction. Also on January 25, 2017, Amendment No. 1 to the Amended Partnership Agreement was effected, pursuant to which: (i) the “Class B Preferred Conversion Price” was re-defined to be the “Class B Preferred Unit Price”; (ii) the “Class B Preferred Unit Price” was defined as \$11.29, as such amount may be adjusted pursuant to Section 5.10(b)(ix) of the Amended Partnership Agreement; and (iii) Section 5.10(g) of the Amended

Partnership Agreement was deleted. Also on January 25, 2017, Amendment No. 1 to the Registration Rights Agreement was effected, incorporating changes to reflect the Split and the Settlement Agreement.

SCHEDULE 13D

Page 12 of 14 Pages

The summaries contained herein of the Settlement Agreement, Amendment No. 1 to the Amended Partnership Agreement and Amendment No. 1 to the Registration Rights Agreement do not purport to be complete and are qualified in their entirety by reference to such documents, which are included as Exhibits G, H and I, respectively, to this Schedule 13D and are incorporated herein by reference.

Item 5. Interest in Securities of the Issuer

(a) As of the date hereof, each of the Reporting Persons may be deemed to beneficially own 31,000,887 Common Units issuable upon the conversion of the 31,000,887 Preferred Units held by Stonepeak Catarina Holdings LLC. This amount represents approximately 70.1% of the outstanding Common Units.

The foregoing beneficial ownership percentages are based on 44,254,331 Common Units outstanding, which is the sum of the 13,253,444 Common Units reported as outstanding as of November 22, 2016, upon closing of an offering and private placement described by the Issuer in a prospectus on Form 424B4 filed November 18, 2016, plus, for purposes of calculating beneficial ownership pursuant to Rule 13d-3(d)(1)(i) under the Act, the 31,000,887 Common Units issuable upon the conversion of the Preferred Units beneficially owned by the Reporting Persons.

(b) The Reporting Persons have shared voting power and shared dispositive power with regard to the 31,000,887 Common Units obtainable upon conversion of the 31,000,887 Preferred Units.

(c) Other than as described in this Amendment No. 1, there were no transactions in Preferred Units or Common Units by the Reporting Persons in the past sixty days.

(d) Except as set forth in the Schedule 13D, no person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Units that may be deemed to be beneficially owned by the Reporting Persons.

(e) This Item 5(e) is not applicable.

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

The response to Item 4 of this Amendment No. 1 is incorporated by reference hereina.

Item 7. Material to be Filed as Exhibits.

Exhibit G: Settlement Agreement and Release, effective January 25, 2017, by and between Stonepeak Catarina Holdings LLC and Sanchez Production Partners LP (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Issuer on January 27, 2017)

Exhibit H: Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of Sanchez Production Partners LP, effective as of January 25, 2017 (incorporated by reference to Exhibit 3.1 to the current report on Form 8-K filed by the Issuer on January 27, 2017)

Exhibit I: Amendment No. 1 to Registration Rights Agreement, effective January 25, 2017, by and between Stonepeak Catarina Holdings LLC and Sanchez Production Partners LP (incorporated by reference to Exhibit 10.2 to the

SCHEDULE 13D

Page 13 of 14 Pages

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.

STONEPEAK CATARINA HOLDINGS LLC

By: STONEPEAK CATARINA UPPER HOLDINGS LLC, its managing member
By: STONEPEAK INFRASTRUCTURE FUND (ORION AIV) LP, its managing member
By: STONEPEAK ASSOCIATES LLC, its general partner
By: STONEPEAK GP HOLDINGS LP, its sole member
By: STONEPEAK GP INVESTORS LLC, its general partner
By: STONEPEAK GP INVESTORS MANAGER LLC, its managing member
By: /s/ Michael Dorrell
Name: Michael Dorrell
Title: Managing Member

STONEPEAK CATARINA UPPER HOLDINGS LLC

By: STONEPEAK INFRASTRUCTURE FUND (ORION AIV) LP, its managing member
By: STONEPEAK ASSOCIATES LLC, its general partner
By: STONEPEAK GP HOLDINGS LP, its sole member
By: STONEPEAK GP INVESTORS LLC, its general partner
By: STONEPEAK GP INVESTORS MANAGER LLC, its managing member
By: /s/ Michael Dorrell
Name: Michael Dorrell
Title: Managing Member

STONEPEAK INFRASTRUCTURE FUND (ORION AIV) LP

By: STONEPEAK ASSOCIATES LLC, its general partner
By: STONEPEAK GP HOLDINGS LP, its sole member
By: STONEPEAK GP INVESTORS LLC, its general partner
By: STONEPEAK GP INVESTORS MANAGER LLC, its managing member
By: /s/ Michael Dorrell
Name: Michael Dorrell
Title: Managing Member

STONEPEAK ASSOCIATES LLC

By: STONEPEAK GP HOLDINGS LP, its sole member

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By: STONEPEAK GP INVESTORS LLC, its general partner

By: STONEPEAK GP INVESTORS MANAGER LLC, its managing member

By: /s/ Michael Dorrell

Name: Michael Dorrell

Title: Managing Member

SCHEDULE 13D

Page 14 of 14 Pages

STONEPEAK GP HOLDINGS LP

By: STONEPEAK GP INVESTORS LLC, its general partner
By: STONEPEAK GP INVESTORS MANAGER LLC, its managing member
By: /s/ Michael Dorrell
Name: Michael Dorrell
Title: Managing Member

STONEPEAK GP INVESTORS LLC

By: STONEPEAK GP INVESTORS MANAGER LLC, its managing member
By: /s/ Michael Dorrell
Name: Michael Dorrell
Title: Managing Member

STONEPEAK GP
INVESTORS
MANAGER LLC

By: /s/ Michael Dorrell
Name: Michael Dorrell
Title: Managing Member

By: /s/ Michael Dorrell
Name: Michael Dorrell

By: /s/ Trent Vichie
Name: Trent Vichie

January 27, 2017

Attention: Intentional misstatements or omissions of fact constitute federal violations (see 18 U.S.C. 1001).
