

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **1995-07-12**  
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### SUBJECT COMPANY

#### **MESA INC**

CIK: **877930** | IRS No.: **752394500** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **SC 13D/A** | Act: **34** | File No.: **005-42459** | Film No.: **95553493**  
SIC: **1311** Crude petroleum & natural gas

#### Mailing Address

2001 ROSS AVE 2600  
TRAMMELL CROW CENTER  
2001 ROSS AVE 2600  
TRAMMELL CROW CENTER  
DALLAS TX 75201

#### Business Address

1400 WILLIAMS SQUARE  
WEST  
5205 NORTH OCONNOR BLVD  
IRVING TX 75039  
2149692200

### FILED BY

#### **BATCHELDER DAVID H**

CIK: **947324**  
Type: **SC 13D/A**

#### Mailing Address

BATCHELDER & PARTNERS  
INC  
4330 LA JOLLA VILLAGE DR  
STE 200  
SAN DIEGO CA 92122

#### Business Address

BATCHELDER & PARTNERS  
INC  
4330 LA JOLLA VILLAGE DR  
STE 200  
SAN DIEGO CA 92122  
6194566655

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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SCHEDULE 13D  
(Amendment No. 2)

Under the Securities Exchange Act of 1934

MESA Inc.

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(Name of issuer)

Common Stock, \$.01 Par Value

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(Title of class of securities)

590911103

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(CUSIP number)

Dennis R. Washington  
c/o Washington Corporations  
101 International Way  
Missoula, Montana 59807  
(406) 523-1300

Marvin Davis  
Davis Companies  
2121 Avenue of the Stars, Suite 2800  
Los Angeles, California 90067  
(310) 551-1470

David H. Batchelder  
Batchelder & Partners, Inc.  
4330 La Jolla Village Drive, Suite 200  
San Diego, California 92122  
(619) 456-6655

Dorn Parkinson  
c/o Washington Corporations  
101 International Way  
Missoula, Montana 59807  
(406) 523-1300

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(Name, address and telephone number of person  
authorized to receive notices and communications)

Copy to:

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Latham & Watkins  
505 Montgomery Street, Suite 1900  
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O'Melveny & Myers  
1999 Avenue of the Stars, 7th Floor  
Los Angeles, California 90067  
(310) 553-6700

July 11, 1995

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(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 statement because of Rule 13d-1(b) (3) or (4), check the following box: [ ]

Check the following box if a fee is being paid with the statement: [ ]

Page 1 of 11 Pages  
Exhibit Index is on Page 5

This Amendment No. 2 to Schedule 13D is being filed on behalf of the undersigned Reporting Persons to amend the Schedule 13D filed June 29, 1995, as amended (the "Schedule 13D"), relating to the common stock, par value \$.01 per share (the "Shares"), of MESA Inc., a Texas corporation (the "Company"). Unless otherwise indicated, all capitalized terms used herein but not defined herein shall have the same meanings as set forth in the Schedule 13D.

Item 4. Purpose of Transaction.  
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Item 4 to the Schedule 13D is hereby amended, in pertinent part, as follows:

On July 11, 1995, David Batchelder and Dorn Parkinson sent a letter to the Board of Directors of the Company regarding management's proposal that the Board of Directors authorize Lehman Brothers to work with management to seek indications of interest from potential buyers or merger partners. The letter also expressed concern over statements made by the Company's Chairman concerning "merger and sell-out possibilities" and a possible restructuring of the Company.

The letter further discussed issues related to the Company's "poison pill" Rights Plan adopted on July 6, 1995. The "poison pill" contains provisions which, under certain circumstances, could allow the Company's stockholders, other than a person or group of persons who beneficially own more than 10% of the Shares, to purchase Shares at half price. The effect of this device would be to substantially dilute the holdings of the person or group of persons who beneficially own more than 10% of the Shares. The Reporting Persons currently hold an aggregate of 9.4% of the outstanding Shares.

Pursuant to the Company's Articles of Incorporation and Bylaws, holders of 20% of the outstanding Shares have the right to request the Company to call a special meeting of stockholders. Company counsel has orally informed the Reporting Persons that by virtue of making such a request, stockholders who request the Company to call a special meeting of stockholders would be deemed to have acquired beneficial ownership of more than 10% of the Shares under the "poison pill," unless the requests are obtained through a public proxy or consent solicitation. If Company counsel were correct, the "poison pill" would adversely affect the ability of stockholders to exercise their right to request a special meeting. The Reporting Persons have previously announced their intention to seek to call a special meeting of shareholders for the purpose of electing a majority of directors who would be committed to exploring all

alternatives for maximizing shareholder value.

A copy of the July 11, 1995 letter is filed herewith as Exhibit 2 and is incorporated herein by reference.

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Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.  
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Item 6 to the Schedule 13D is hereby amended, in pertinent part, as follows:

As previously reported in the Schedule 13D, Batchelder & Partners, Inc. ("BPI") has entered into an agreement with Dennis Washington under which BPI would have the right to receive a percentage of the profits realized by Mr. Washington on his investment in the Company's securities through December 31, 1995. On July 11, 1995 that agreement was amended to extend the date to December 31, 1996.

As previously reported in the Schedule 13D, BPI has entered into an agreement with Davis Companies under which BPI would have the right to receive a percentage of the profits realized by Davis Companies and its affiliates on their investments in the Company's securities through December 31, 1995. On July 11, 1995 that agreement was amended to extend the date to December 31, 1996.

A copy of each amendment referred to in this Item 6 is attached hereto as Exhibits 3 and 4, respectively, and is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.  
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Exhibit 1 Joint Filing Agreement (incorporated by reference to the Schedule 13D filed June 29, 1995)

Exhibit 2 Letter dated July 11, 1995 from David Batchelder and Dorn Parkinson to the Directors of MESA Inc.

Exhibit 3 Letter Agreement dated July 11, 1995 between Batchelder & Partners, Inc. and Dennis R. Washington

Exhibit 4 Letter Agreement dated July 11, 1995 between Batchelder & Partners, Inc. and Davis Companies

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SIGNATURE

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After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: July 12, 1995

/s/ Dennis R. Washington

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Dennis R. Washington

/s/ David H. Batchelder

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David H. Batchelder

/s/ Dorn Parkinson

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Dorn Parkinson

Davis Acquisition, L.P.

By: Davis Companies

Its: General Partner

By: /s/ Marvin Davis

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Name: Marvin Davis

Its: President

Davis Companies

By: /s/ Marvin Davis

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Name: Marvin Davis

Its: President

Marvin and Barbara Davis

Revocable Trust

By: /s/ Marvin Davis

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Name: Marvin Davis

Its: Trustee

/s/ Marvin Davis

EXHIBIT INDEX  
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Exhibit 4	Letter Agreement dated July 11, 1995 between Batchelder & Partners, Inc. and Davis Companies

EXHIBIT 2

July 11, 1995

Board of Directors  
MESA Inc.  
1400 Williams Square West  
5205 N. O'Connor Boulevard  
Irvine, Texas 75039-3746

Dear Fellow Directors of MESA Inc.:

We are writing you to express concern regarding a number of issues related to the Board of Directors meeting held on Thursday, July 6, 1995. During the meeting management presented the Board with a proposal to authorize management and Lehman Brothers to begin soliciting proposals for the purchase of all of MESA's assets, operations and liabilities, as well as for the Hugoton Field segment, from a large group of qualified buyers and merger candidates. The only written material which was provided in support of the proposal was a brief 5-page summary by Lehman Brothers. We believe this analysis is woefully inadequate and did not provide a proper foundation on which the Board could have made an informed decision. We offer the following points for your consideration:

1. Lehman Brothers should not just review alternatives presented to the Company, but should actively develop alternatives for the Board's consideration that are designed to maximize shareholder value;
2. Lehman Brothers should analyze the alternatives and provide the Board with an indication of the potential range of values for each alternative. The alternatives should include, among others, a sale of the Company for cash, a merger of the Company, a recapitalization involving an equity infusion, and combinations thereof combined with partial asset sales. This analysis should also include the estimated costs associated with refinancings and other actions that would accompany each of the alternatives; and
3. Lehman Brothers should provide the Board with a list of potential interested parties to be contacted with respect to each of the alternatives.

As discussed at the meeting, the Board should be kept fully informed of contacts made and received with an update and status report prepared weekly by the Lehman Brothers. The process followed by the Board should be exhaustively documented in light of the intense scrutiny by our shareholders and the recent purported class action litigation filed against the Company and certain of its Directors. As agreed to at the meeting, the Board should approve the fee arrangements with Lehman Brothers.

As you know, on June 26, 1995, the Wall Street Journal published a letter from Boone Pickens as Chairman and CEO of MESA which contained the following statement:

"While David is quoted advocating that MESA begin a review of merger or sell-out possibilities, MESA's Board rejected that proposal."

This statement by the Chairman of the Board remains uncorrected in the public record and creates the impression that the Board has already dismissed the alternatives that the Company now says will be reviewed. We believe that it is incumbent upon the Board to promptly correct this false and misleading statement by issuance of a public press release to the effect that the Board had not, in fact, voted on such matters until July 6, 1995, at which time the Board approved the review of all alternatives including a sale of the Company or merger or the other business combination.

On July 7, the day following the meeting in which the Board approved a review of all alternatives, the Chairman is quoted by Reuter's as follows:

"If he is able to complete the restructuring, Pickens said he looks forward to running MESA as a trimmed down exploration and production company. MESA has surveyed eight wells in the Gulf of Mexico since June, where it controls 200,000 acres. The Company also has identified a hundred potential drilling locations in its West Panhandle Field, he said. "We'd be up and running real quick" he said."

This statement is a continuation of a pattern designed to undermine the process approved by the Board. By touting this one alternative, the Chairman sends a discouraging message to potential buyers and merger partners, as well as to our stockholders; namely, that the Chairman has a clear bias against transactions involving a change in control and that the Company is favoring one particular alternative and is not prepared to fairly consider all alternatives. This message is certain to have a chilling effect on potential buyers and merger partners. We urge the Board to assert control over the process to ensure the Company's shareholders a full and fair review of all alternatives for maximizing shareholder value. The Board's fiduciary obligations in this regard are heightened by the lack of an independent committee of the Board, with independent legal and financial advisors, to conduct such oversight.

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Since we did not have an opportunity to review the shareholder rights plan prior to the meeting, our comments are still preliminary. In order to properly assess the impact of the "poison pill", we request the following additional data:

1. With respect to the requirement that any cash offer be fully financed, an analysis by Lehman Brothers of the likely cost of



obtaining such financing commitments and a review of the percentage of cash tender offers in non-negotiated transactions during the last 5 years that were, in fact, fully financed through the payment of commitment fees. Lehman's analysis should include an affirmative statement as to whether inclusion of this provision is more likely than not to promote the bidding process and result in a higher value being received by all shareholders;

2. With respect to the 75% threshold requirement in order for an offer to be a "Permitted Offer," an analysis by Lehman Brothers of the practical application of this exception considering the impact of existing ownership by "continuing directors." For example, since the Board beneficially owns 12.2% of the stock, a bidder would be required to purchase over 85% of all other shares in order to meet this test;

3. With respect to the definition of "Acquiring Person", since the Board already owns 12.2% of the stock, does the poison pill limit the ability of existing directors to purchase additional shares individually or as a group?

4. With respect to the definition of "Beneficial Owner", an analysis by Baker & Botts of (i) the precedent for including within the definition of beneficial ownership proxies given pursuant to a solicitation exempted by the Exchange Act; (ii) similar provisions in any poison pills adopted during the last 5 years; and (iii) the effect ---

of the poison pill on a shareholder's ability to call a special meeting of shareholders (timing, cost, etc.);

5. An analysis of the cost of adopting the poison pill, including the fees for the Company's lawyers, financial advisors and the rights agent, and printing and mailing costs; and

6. Copies of all correspondence with the New York Stock Exchange and the Securities and Exchange Commission regarding the poison pill and a copy of the legal opinion prepared by Baker & Botts which we assume was delivered to the Company regarding the poison pill.

We believe that once these additional analyses are presented, the Board will find that the Company's poison pill is unreasonable in a number of material respects and may, in fact, deter the development of alternatives to maximize shareholder value. We request that the Board reconvene as proposed by the Chairman and counsel to the Company to further discuss (i) the additional analyses to be provided by Lehman Brothers, management and legal counsel; (ii) the Chairman's public statements regarding the Board's deliberations and

process; and (iii) the provisions of the poison pill. As fiduciaries, we must each be concerned with our legal liability as Directors and be assured that we

are making informed business judgements on behalf of all the shareholders.

Yours Truly,

/s/ David H. Batchelder

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David H. Batchelder

/s/ Dorn Parkinson

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Dorn Parkinson

EXHIBIT 3

Batchelder & Partners, Inc.  
4330 La Jolla Village Drive, Suite 200  
San Diego, California 92122

David H. Batchelder  
President

July 11, 1995

Mr. Dennis Washington  
101 International Way  
Missoula, Montana 59802

Dear Dennis:

This letter is in reference to the Letter Agreement dated July 29, 1994, as amended, between you and Batchelder & Partners, Inc. This will confirm our agreement that such Letter Agreement is hereby amended to change all references to "December 31, 1995" to "December 31, 1996."

Very truly yours,

BATCHELDER & PARTNERS, INC.

/s/ David H. Batchelder

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By: David H. Batchelder, President

Agreed and Accepted:

/s/ Dennis Washington

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Dennis Washington

EXHIBIT 4

Batchelder & Partners, Inc.  
4330 La Jolla Village Drive, Suite 200  
San Diego, California 92122

David H. Batchelder  
President

July 11, 1995

Mr. John Davis  
Davis Companies  
2121 Avenue of the Stars  
Suite 2900  
Los Angeles, California 90067

Dear John:

This letter is in reference to the Letter Agreement dated July 18, 1994, as amended, between Davis Companies and Batchelder & Partners, Inc. This will confirm our agreement that such Letter Agreement is hereby amended to change all references to "December 31, 1995" to "December 31, 1996."

Very truly yours,

BATCHELDER & PARTNERS, INC.

/s/ David H. Batchelder

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By: David H. Batchelder, President

Agreed and Accepted:

DAVIS COMPANIES

/s/ John Davis

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John Davis, Vice President