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PIONEER DRILLING CO
Form SC 13D
April 03, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

PIONEER DRILLING COMPANY

(Name of Issuer)

Common Stock, par value \$.10

(Title of Class of Securities)

723655106
(CUSIP Number)

Shannon Self, Esquire
Commercial Law Group, P.C.
2725 Oklahoma Tower
210 Park Avenue
Oklahoma City, Oklahoma 73102
(405) 232-3001

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

March 31, 2003

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

Note: Six (6) copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) 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).

CUSIP NO. 723655106

(1) Name of Reporting Person

Chesapeake Energy
Corporation

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| | | |
|-------|---|--------------------|
| | I.R.S. Identification No. of Above Person | 73-1395733 |
| (2) | Check the Appropriate Box if a Member of a Group (See Instructions) | (a) [] (b) [x] |
| (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 | Oklahoma |
| ----- | | |
| | Number of Shares (7) Sole Voting Power | 5,333,333 |
| ----- | | |
| | Beneficially Owned (8) Shared Voting Power | - |
| ----- | | |
| | By Each Reporting (9) Sole Dispositive Power | 5,333,333 |
| ----- | | |
| | Person With: (10) Shared Dispositive Power | - |
| ----- | | |
| (11) | Aggregate Amount Beneficially Owned by Each Reporting Person | 5,333,333 |
| (12) | Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) | [] |
| (13) | Percent of Class Represented by Amount in Row (11) | 24.58% |
| (14) | Type of Reporting Person (See Instructions) | CO |

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Item 1. Security and Issuer.

The common stock, par value \$.10 (the "Common Stock"), of Pioneer Drilling Company, a Texas corporation ("Pioneer"). Pioneer's principal executive offices are located at 9310 Broadway, Building 1, San Antonio, Texas 78217.

Item 2. Identity and Background.

Chesapeake Energy Corporation, an Oklahoma corporation ("Chesapeake Energy"), is located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, and is primarily engaged in the ownership, development and operation of oil and gas assets in the United States. The executive officers and directors of Chesapeake Energy are set forth below.

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Aubrey K. McClendon
Chairman of the Board and Chief Executive Officer
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Tom L. Ward
Director, Chief Operating Officer and President
6200 North Western Avenue
Oklahoma City, Oklahoma 73118

Marcus C. Rowland
Chief Financial Officer and Executive Vice President
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Martha A. Burger
Treasurer and Senior Vice President
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Michael A. Johnson
Senior Vice President
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Edgar F. Heizer, Jr.
Director
c/o Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

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Breene M. Kerr
Director
c/o Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Shannon Self
Director
c/o Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Frederick B. Whittemore
Director
c/o Chesapeake Energy Corporation
6100 North Western
Oklahoma City, Oklahoma 73118

Charles T. Maxwell
Director
c/o Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

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Chesapeake Energy and each of the listed individuals have not, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and have not been or become 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. Each individual is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration.

On March 31, 2003, Chesapeake Energy acquired 5,333,333 shares (the "Acquired Shares") of Common Stock at a cost of \$20 million pursuant to the Common Stock Purchase Agreement dated March 31, 2003, between Chesapeake Energy and Pioneer which is filed herewith as Exhibit 99.1 (the "Stock Purchase Agreement"). The purchase price for the Acquired Shares was funded by Chesapeake Energy from working capital and general corporate funds, one of the sources of which is the revolving bank facility maintained by Chesapeake Energy and its subsidiary entities in the ordinary course of business.

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Item 4. Purpose of Transaction.

The Acquired Shares were acquired by Chesapeake Energy as an investment. Chesapeake Energy may in the future: (1) purchase additional Common Stock, debt securities or other equity securities of Pioneer; (2) sell all or part of the Acquired Shares; (3) communicate with the management, the directors or shareholders of Pioneer regarding Pioneer's business plans and operations; or (4) enter into additional transactions in connection with Pioneer or Pioneer's assets.

In connection with the Stock Purchase Agreement, Chesapeake Energy was granted the preemptive right to acquire equity securities to be issued by Pioneer in the future and the right to require the registration of the Acquired Shares under the Securities Act of 1933. Except as set forth above, Chesapeake Energy has no present plans or intentions relating to the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) Chesapeake Energy acquired 5,333,333 shares of Common Stock on March 31, 2003. Based on the 16,367,459 shares of Common Stock reflected as issued and outstanding in Pioneer's Form 10Q filed on February 10, 2003, the Acquired Shares represent 24.58% of the outstanding Common Stock after giving effect to the acquisition made pursuant to the Stock Purchase Agreement.

(b) Chesapeake Energy has the sole power to vote or dispose of the Acquired Shares.

(c) Chesapeake Energy acquired the Acquired Shares from Pioneer on March 31, 2003, in accordance with the terms of the Stock Purchase Agreement.

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(d) Inapplicable

(e) Inapplicable

Item 6. Contracts, Agreements, Underwritings or Relationships With Respect to Securities of the Issuer.

Under the Stock Purchase Agreement, Chesapeake Energy has the preemptive right to participate in future equity issuances by Pioneer and has the right to attend and observe all board meetings and board committee meetings of Pioneer and Pioneer's subsidiaries. Under the Stock Purchase Agreement Chesapeake Energy agreed to offer to Pioneer under a right of first refusal any Acquired Shares to be sold other than into the public trading market. Under a registration rights agreement (the "Registration Rights Agreement") among Pioneer, WEDGE Energy Services, L.L.C., a Delaware limited liability company ("WEDGE"), William H. White, an individual affiliated with WEDGE, and Chesapeake Energy dated March 31, 2003, Chesapeake Energy can request the registration of the Acquired Stock under certain circumstances.

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Item 7. Materials to be filed as Exhibits.

1. Common Stock Purchase Agreement dated March 31, 2003, between Pioneer Drilling Company and Chesapeake Energy Corporation is filed herewith as Exhibit 99.1.
2. Registration Rights Agreement dated March 31, 2003, among Pioneer Drilling Company, WEDGE Energy Services, L.L.C., William H. White, an individual, and Chesapeake Energy Corporation is filed herewith as Exhibit 99.2.

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.

DATED: March 31, 2003

Chesapeake Energy Corporation
an Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon
Chairman of the Board and
Chief Executive Officer

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