

Edgar Filing: SEITEL INC - Form SC 13D/A

SEITEL INC
Form SC 13D/A
November 04, 2004

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

SCHEDULE 13D

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a)
AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(Amendment No. 4)1

Seitel, Inc.

(Name of Issuer)

Common Stock, \$0.01 Par Value

(Title of Class of Securities)

816074405

(CUSIP Number)

George F. Hamel, Jr.
ValueAct Capital
435 Pacific Avenue, Fourth Floor
San Francisco, CA 94133
(415) 362-3700

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

November 3, 2004

(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 Rule 240.13d-1(b) (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 240.13d-7(b) for other parties to whom copies are to be sent

1The 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).

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SCHEDULE 13D

CUSIP NO. 816074405

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE
PERSON (entities only)

ValueAct Capital Partners II, L.P.

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

3. SEC USE ONLY

4. SOURCE OF FUNDS*

WC*

5. CHECK BOX 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 POWER
0
NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
PERSON WITH
8. SHARED VOTING POWER
1,721,128**
9. SOLE DISPOSITIVE POWER
0
10. SHARED DISPOSITIVE POWER
1,721,128**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,721,128**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

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

1.1%

14. TYPE OF REPORTING PERSON

PN

*See Item 3

**See Item 2 and 5

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE
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SCHEDULE 13D

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE
PERSON (entities only)

ValueAct Capital Master Fund, L.P.

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

3. SEC USE ONLY

4. SOURCE OF FUNDS*

WC*

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

6. CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

7. SOLE VOTING POWER
0
NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
PERSON WITH

8. SHARED VOTING POWER
16,750,435**

9. SOLE DISPOSITIVE POWER
0

10. SHARED DISPOSITIVE POWER
16,750,435**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

16,750,435**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

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

11.1%

14. TYPE OF REPORTING PERSON

PN

*See Item 3

**See Item 2 and 5

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Edgar Filing: SEITEL INC - Form SC 13D/A

1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

VA Partners, L.L.C.

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

3. SEC USE ONLY

4. SOURCE OF FUNDS*

WC*

5. CHECK BOX 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 POWER
	0
NUMBER OF	8. SHARED VOTING POWER
SHARES	18,471,563**
BENEFICIALLY	9. SOLE DISPOSITIVE POWER
OWNED BY EACH	0
PERSON WITH	10. SHARED DISPOSITIVE POWER
	18,471,563**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,471,563**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

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

12.3%

14. TYPE OF REPORTING PERSON

00 (LLC)

*See Item 3

**See Item 2 and 5

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CUSIP NO. 816074405

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Edgar Filing: SEITEL INC - Form SC 13D/A

1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

Jeffrey W. Ubben

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

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

5. CHECK BOX 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
NUMBER OF	8. SHARED VOTING POWER
SHARES	18,471,563**
BENEFICIALLY	
OWNED BY EACH	9. SOLE DISPOSITIVE POWER
PERSON WITH	0
	10. SHARED DISPOSITIVE POWER
	18,471,563**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,471,563**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

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

12.3%

14. TYPE OF REPORTING PERSON

IN

*See Item 3

**See Item 2 and 5

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE

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PERSON (entities only)

George F. Hamel, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [X]
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

5. CHECK BOX 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

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH

8. SHARED VOTING POWER

18,471,563**

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

18,471,563**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,471,563**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

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

12.3%

14. TYPE OF REPORTING PERSON

IN

*See Item 3

**See Item 2 and 5

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CUSIP NO. 816074405

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1. NAME OF REPORTING PERSON/S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

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Peter H. Kamin

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [X]
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS*

00*

5. CHECK BOX 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
NUMBER OF	8. SHARED VOTING POWER
SHARES	18,471,563**
BENEFICIALLY	
OWNED BY EACH	9. SOLE DISPOSITIVE POWER
PERSON WITH	0
	10. SHARED DISPOSITIVE POWER
	18,471,563**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

18,471,563**

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

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

12.3%

14. TYPE OF REPORTING PERSON

IN

*See Item 3

**See Item 2 and 5

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE
ATTESTATION.

THE PURPOSE OF THIS AMENDMENT NO. 4 TO SCHEDULE 13D IS TO AMEND THE PURPOSE
OF TRANSACTION SECTION OF REPORTS FILED BY THE REPORTING PERSONS. THE
INFORMATION BELOW SUPPLEMENTS THE INFORMATION PREVIOUSLY PROVIDED.

ITEM 1. SECURITY AND ISSUER.

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This Schedule 13D relates to the Common Stock, \$0.01 par value per share (the "Common Stock"), of Seitel, Inc., a Delaware corporation (the "Issuer"). The address of the principal executive offices of the Issuer is 10811 South Westview Circle Drive, Suite 100, Building C, Houston, TX 77043.

ITEM 4. PURPOSE OF TRANSACTION.

On November 3, 2004, the Reporting Persons and Mellon HBV Alternative Strategies LLC ("Mellon HBV") sent a joint letter (the "Letter") to Mr. Fred Zeidman, Chairman of the Board, Interim President and Chief Executive Officer of the Issuer. In the Letter the Reporting Persons and Mellon HBV have requested that the Issuer expand the size of the Board from seven to nine directors and appoint Jay Golding and Kevin Flannery to fill the newly created vacancies.

A copy of the Letter is attached as Exhibit B to this report and is incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

A. Joint Filing Agreement

B. Letter from Reporting Persons dated November 3, 2004.

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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.

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below on this Schedule 13D hereby constitutes and appoints Jeffrey W. Ubben, George F. Hamel, Jr. and Peter H. Kamin, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to this Schedule 13D, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary fully to all intents and purposes as he might or could do in person, thereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

ValueAct Capital Partners II L.P., by
VA Partners, L.L.C., its General Partner

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By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 George F. Hamel, Jr., Managing Member

ValueAct Capital Master Fund L.P., by
VA Partners, L.L.C., its General Partner

By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 George F. Hamel, Jr., Managing Member

VA Partners, L.L.C.

By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 George F. Hamel, Jr., Managing Member

By: /s/ Jeffrey W. Ubben

Dated: November 3, 2004 Jeffrey W. Ubben, Managing Member

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By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 George F. Hamel, Jr., Managing Member

By: /s/ Peter H. Kamin

Dated: November 3, 2004 Peter H. Kamin, Managing Member

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Exhibit A
JOINT FILING UNDERTAKING

The undersigned parties hereby agree that the Schedule 13D filed herewith (and any amendments thereto) relating to the Common Stock of Seitel, Inc. is being filed jointly on behalf of each of them with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended.

ValueAct Capital Partners II L.P., by
VA Partners, L.L.C., its General Partner

By: /s/ George F. Hamel, Jr.

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Dated: November 3, 2004 -----
George F. Hamel, Jr., Managing Member

ValueAct Capital Master Fund L.P., by
VA Partners, L.L.C., its General Partner

By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 -----
George F. Hamel, Jr., Managing Member

VA Partners, L.L.C.

By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 -----
George F. Hamel, Jr., Managing Member

By: /s/ Jeffrey W. Ubben

Dated: November 3, 2004 -----
Jeffrey W. Ubben, Managing Member

By: /s/ George F. Hamel, Jr.

Dated: November 3, 2004 -----
George F. Hamel, Jr., Managing Member

By: /s/ Peter H. Kamin

Dated: November 3, 2004 -----
Peter H. Kamin, Managing Member

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Exhibit B
LETTER

VALUEACT CAPITAL PARTNERS
435 Pacific Avenue
San Francisco, CA 94133

MELLON HBV ALTERNATIVE
STRATEGIES LLC
200 Park Avenue, Suite 300
New York, NY 10166-3399

November 3, 2004

Mr. Fred Zeidman
Chair, Interim President and
Chief Executive Officer
Seitel, Inc.
10811 S. Westview Circle, Bldg. C, Ste. 100
Houston, TX 77043

Dear Fred:

As a result of recent discussions between ValueAct Capital and Mellon
HBV, we are writing this letter. First, we compliment you on your
stewardship of Seitel since its emergence from bankruptcy this summer.
As noted in ValueAct Capital's letter to you a few weeks ago, we
appreciate that Seitel still faces significant challenges, including the

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recent departure of Randy Stilley (and attendant search for a new chief executive officer) as well as the Company's highly leveraged capital structure. Naturally, these challenges are also a major concern of ours as major shareholders.

As you know, ValueAct Capital owns approximately 12.3% of Seitel's outstanding common stock, and Mellon HBV owns approximately 23.9% of Seitel's outstanding common stock (including currently exercisable warrants). Thus, together Mellon HBV and ValueAct Capital own or have the right to purchase a significant amount of Seitel's common stock.

In view of our respective financial stakes in Seitel, and based upon our previous experience working with boards of directors of companies like Seitel, we believe that, working alongside the current directors, ValueAct Capital and Mellon HBV can assist the Company in meeting the significant challenges which it currently faces.

To that end, we respectfully request that the Board of Directors of Seitel expand the size of the Board from seven to nine directors and appoint our representatives, Jay Golding and Kevin Flannery, to fill the newly created vacancies.

We make this request after careful consideration and with the objective of working with the Board and management to enhance the prospects of Seitel for the benefit of all shareholders. We look forward to speaking with you soon about our proposal.

Very truly yours,

/s/ Peter H. Kamin
Peter H. Kamin
Partner
ValueAct Capital

/s/ George J. Konomos
George J. Konomos
Portfolio Manager
Mellon HBV Alternative
Strategies