

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
SOUTHCROSS ENERGY PARTNERS, L.P.,)	Case No. 19-10702 (MFW)
<i>et al.</i> ,)	
Debtors. ¹)	Jointly Administered
)	
)	RE: D.I. 109
)	

**ORDER APPROVING PROCEDURES FOR (I) THE SALE
OF DE MINIMIS ASSETS FREE AND CLEAR OF LIENS,
CLAIMS, INTERESTS, AND ENCUMBRANCES AND (II) THE
ABANDONMENT OF CERTAIN OF THE DEBTORS' PROPERTY**

Upon the motion dated April 16, 2019 (the “**Motion**”)² of Southcross Energy Partners, L.P. (“**Southcross**”), Southcross Energy Partners GP, LLC, and Southcross’s wholly owned direct and indirect subsidiaries, each of which is a debtor and debtor in possession in the Chapter 11 Cases (collectively, the “**Debtors**”), for authorization to establish procedures (the “**Procedures**”) pursuant to (i) sections 105(a) and 363 of the Bankruptcy Code, Bankruptcy Rule 6004, and Local Rule 6004-1, for the sale of certain *de minimis* assets arguably outside the

¹ The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: Southcross Energy Partners, L.P. (5230); Southcross Energy Partners GP, LLC (5141); Southcross Energy Finance Corp. (2225); Southcross Energy Operating, LLC (9605); Southcross Energy GP LLC (4246); Southcross Energy LP LLC (4304); Southcross Gathering Ltd. (7233); Southcross CCNG Gathering Ltd. (9553); Southcross CCNG Transmission Ltd. (4531); Southcross Marketing Company Ltd. (3313); Southcross NGL Pipeline Ltd. (3214); Southcross Midstream Services, L.P. (5932); Southcross Mississippi Industrial Gas Sales, L.P. (7519); Southcross Mississippi Pipeline, L.P. (7499); Southcross Gulf Coast Transmission Ltd. (0546); Southcross Mississippi Gathering, L.P. (2994); Southcross Delta Pipeline LLC (6804); Southcross Alabama Pipeline LLC (7180); Southcross Nueces Pipelines LLC (7034); Southcross Processing LLC (0672); FL Rich Gas Services GP, LLC (5172); FL Rich Gas Services, LP (0219); FL Rich Gas Utility GP, LLC (3280); FL Rich Gas Utility, LP (3644); Southcross Transmission, LP (6432); T2 EF Cogeneration Holdings LLC (0613); and T2 EF Cogeneration LLC (4976). The debtors’ mailing address is 1717 Main Street, Suite 5300, Dallas, TX 75201.

² Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Motion.



ordinary course of the Debtors' businesses (the "**De Minimis Assets**") free and clear of liens, claims, interests, and encumbrances and (ii) sections 105(a) and 554(a) of the Bankruptcy Code and Bankruptcy Rule 6007 for the abandonment of certain of the De Minimis Assets, as more fully described in the Motion; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the Court having found that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted as set forth herein.
2. The Procedures are hereby approved and may be implemented by the Debtors, in their sole discretion, in the Chapter 11 Cases.
3. Local Rule 6004-1 is hereby waived with respect to any sale of De Minimis Assets undertaken pursuant to the Procedures.

4. For purposes of the Procedures, the net benefit estimated to be realized by the Debtors' estates shall constitute the "**Sale Price.**"³ The net benefit is the amount of cash consideration or fair market value of non-cash consideration estimated to be received by the Debtors, plus the amount of any liabilities to be assumed by the purchaser (to the extent quantifiable or reasonably estimable, as determined by the Debtors in their sole discretion), less expenses to be incurred in connection with the sale, offsets, or other deductions (to the extent quantifiable or reasonably estimable, as determined by the Debtors in their sole discretion). The Sale Price shall be determined without consideration as to whether the property for sale is free and clear of all liens, claims, interests, and encumbrances.

5. If the Sale Price of a De Minimis Asset is less than or equal to \$500,000, subject to paragraph 16 below, the Debtors are hereby authorized to sell such De Minimis Assets without further notice to any party or hearing.

6. If the Sale Price for the sale of a De Minimis Asset that the Debtors believe is arguably outside of the ordinary course of the Debtors' businesses is greater than \$500,000 and less than or equal to \$2,000,000, the following Procedures shall be followed:

a. The Debtors shall file a notice with the Court, substantially in the form attached to the Motion as Exhibit B (the "**Sale Notice**"), specifying (i) the De Minimis Assets to be sold, (ii) the identity of the purchaser, (iii) any commissions to be paid to third parties (such as brokers), and (iv) the proposed purchase price. The Debtors shall serve the Sale Notice only on the following parties: (i) the Office of the United States Trustee for the District of Delaware; (ii) Vinson & Elkins LLP, as counsel to Wells Fargo Bank, N.A., the administrative agent under Southcross's prepetition secured revolving credit facility; (iii) (A) Arnold & Porter Kaye Scholer LLP and (B) Young Conaway Stargatt & Taylor, LLP, as counsel to Wilmington Trust, N.A., the administrative agent under Southcross's prepetition secured term loan facility and post-petition credit facility; (iv) Willkie Farr & Gallagher LLP, as counsel to the post-petition lenders and an ad hoc

³ Solely for the purposes of the Procedures and the calculation of the Sale Price, entry into a series of related sales within any given 30-day period between any of the Debtors, on the one hand, and any given counterparty and/or such counterparty's affiliate(s), on the other hand, shall be deemed to be entry into a single sale.

group of prepetition lenders; (v) counsel for any official committee appointed in the Chapter 11 Cases; (vi) all parties requesting notice in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002 (collectively, the “**Notice Parties**”); (vii) any affected or interested governmental entity or regulatory body of which the Debtors are aware; and (viii) any person or entity with a particularized interest in the De Minimis Assets to be sold, including any known creditor asserting a lien, claim, interest, or encumbrance on such De Minimis Assets.

b. Parties in interest will have five days after the service of a Sale Notice (the “**Sale Objection Deadline**”) to object to a proposed sale of De Minimis Assets. After the expiration of the Sale Objection Deadline, the Debtors may immediately sell the De Minimis Assets listed in the Sale Notice and take any actions and execute any agreements or other documentation that are necessary or desirable to close the transaction and obtain the sale proceeds.

c. If any party in interest wishes to object to a proposed sale of De Minimis Assets, such party must (i) file a written objection (each, an “**Objection**”) with the Court on or before the Sale Objection Deadline and (ii) serve the Objection on the Debtors and each of the other Notice Parties so that it is actually received by such parties on or before the Sale Objection Deadline. Any such Objection shall identify, with specificity, the basis for such Objection. If an Objection is timely received and filed and cannot be resolved by the Debtors and the objecting parties, the De Minimis Asset that is the subject of the Objection will not be sold except upon order of the Court; *provided, however*, that any De Minimis Asset set forth in the Sale Notice that is not the subject of an Objection may be immediately sold in accordance with paragraph (b).

7. If the Sale Price for the sale of a De Minimis Asset that the Debtors believe is arguably outside of the ordinary course of the Debtors’ businesses is greater than \$2,000,000, the Debtors shall file a motion with the Court requesting approval of the sale pursuant to section 363 of the Bankruptcy Code, among other applicable provisions.

8. The Debtors shall be permitted to compensate any broker engaged by the Debtors in connection with any sale or attempted sale of De Minimis Assets; *provided, however*, that if an Objection to the payment of any broker’s fees is timely received and filed by the Sale Objection Deadline, then the portion of such broker’s fees to which the Objection is directed shall not be paid until such Objection is consensually resolved or until the Court approves such payment.

9. The Procedures satisfy section 363(f) of the Bankruptcy Code and any De Minimis Asset sold pursuant to the Procedures shall be free and clear of all liens, claims, interests, and encumbrances.

10. Any holder of a lien, claim, interest, or encumbrance on any De Minimis Assets to be sold, with a Sale Price greater than \$500,000 and less than or equal to \$2,000,000, will receive a Sale Notice and will have an opportunity to object to any sale in which they claim an interest. If a holder of a lien, claim, interest, or encumbrance receives the Sale Notice and does not object within the prescribed time period, then such holder will be deemed to have consented to the proposed sale and the property may then be sold free and clear of the holder's interests pursuant to section 363(f) of the Bankruptcy Code, with any such liens, claims, interests, or encumbrances to be, at the Debtors' sole discretion, either (a) satisfied from the proceeds of the sale or (b) transferred and attached to the net sale proceeds in the same order of priority that such liens, claims, interests, or encumbrances had on the De Minimis Assets sold.

11. Those who purchase De Minimis Assets in accordance with the Procedures shall be afforded the protections under section 363(m) of the Bankruptcy Code.

12. If the estimated gross proceeds⁴ of the De Minimis Asset to be abandoned are less than or equal to \$500,000, the Debtors shall serve notice on the person or entity to whom the personal property is to be abandoned and any person or entity known to the Debtors as having an interest in the De Minimis Assets to be abandoned, including any known creditor asserting a lien, claim, interest, or encumbrance on the De Minimis Assets to be abandoned. Such notice shall be served ten business days before such De Minimis Assets are abandoned.

⁴ Solely for the purposes of the Procedures and the estimation of gross proceeds, entry into a series of related abandonments within any given 30-day period to any given counterparty and/or such counterparty's affiliate(s) shall be deemed a single abandonment.

13. If the estimated gross proceeds of the De Minimis Asset to be abandoned are greater than \$500,000 and less than or equal to \$2,000,000, the following Procedures shall be followed:

a. The Debtors shall file a notice with the Court, substantially in the form attached to the Motion as Exhibit C (the “**Abandonment Notice**”), specifying (i) the property to be abandoned, (ii) the reason for the abandonment, (iii) the parties known to the Debtors as having an interest in the property to be abandoned, and (iv) the entity to which the personal property is to be abandoned. The Debtors shall serve the Abandonment Notice only on the following parties: (i) the Notice Parties, (ii) any affected or interested governmental entity or regulatory body of which the Debtors are aware, (iii) any person or entity known to the Debtors as having an interest in the De Minimis Asset to be abandoned, including any known creditor asserting a lien, claim, interest, or encumbrance on the De Minimis Asset to be abandoned, and (iv) the entity to which the personal property is to be abandoned.

b. Parties in interest will have five days after the service of an Abandonment Notice (the “**Abandonment Objection Deadline**”) to object to a proposed abandonment of De Minimis Assets. After the expiration of the Abandonment Objection Deadline, the Debtors may immediately abandon the De Minimis Assets listed in the Abandonment Notice and take any actions and execute any agreements or other documentation that are necessary or desirable to abandon the subject property.

c. If any party in interest wishes to object to a proposed abandonment of De Minimis Assets, such party must (i) file an Objection with the Court on or before the Abandonment Objection Deadline and (ii) serve the Objection on the Debtors and each of the other Notice Parties so that it is actually received by such parties on or before the Abandonment Objection Deadline. Any such Objection shall identify, with specificity, the basis for such Objection. If an Objection is timely received and filed and cannot be resolved by the Debtors and the objecting party, the De Minimis Asset that is the subject of the Objection will not be abandoned except upon order of the Court; *provided, however*, that any De Minimis Asset set forth in the applicable Abandonment Notice that is not the subject of an Objection may immediately be abandoned in accordance with paragraph (b).

14. If the estimated gross proceeds of the De Minimis Asset to be abandoned are greater than \$2,000,000, the Debtors shall file a motion with the Court requesting approval of the abandonment pursuant to section 554 of the Bankruptcy Code, among other provisions.

15. The Debtors shall not abandon De Minimis Assets pursuant to the Procedures where the abandonment would pose an environmental hazard or where a serious risk to the public is likely to result.

16. For each calendar month, the Debtors shall file with the Court, within 30 days after such calendar month, a written report detailing (a) the identity and purchase price of each De Minimis Asset sold during such calendar month for a Sale Price less than or equal to \$500,000 and (b) the identity of each De Minimis Asset abandoned during such calendar month whose estimated gross proceeds are greater than or equal to \$50,000 and less than or equal to \$500,000.

17. Nothing herein shall impair the Debtors' ability to conduct their businesses in the ordinary course of business without seeking approval of the Court.

18. The Procedures satisfy Bankruptcy Rules 2002 and 6007.

19. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Order is hereby waived, and the terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

20. The Debtors are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

21. Proper, timely, adequate, and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion or the entry of this Order shall be required.

22. The Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: May 6th, 2019
Wilmington, Delaware


8 MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE