

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	§	Chapter 11
	§	
SOUTHCROSS ENERGY	§	Case No. 19-10702 (MFW)
PARTNERS, L.P., et al.,	§	
	§	(Jointly Administered)
	§	
Debtors. ¹	§	Related to Docket No. 327
	§	Hearing Date:
	§	September 18, 2019 at 10:30 a.m.
	§	Objection Deadline:
	§	July 11, 2019 at 4:00 p.m.
	§	

**OBJECTION AND RESERVATION OF RIGHTS OF TARGA
TO DEBTORS’ NOTICE OF POTENTIAL ASSUMPTION AND ASSIGNMENT
OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES AND CURE AMOUNT**

T2 Gas Utility LLC (“T2”), Targa Midstream/TPL (“TPL”), TPL SouthTex Gas Utility Company LP (“TPL Gas Utility”), Targa SouthTex Midstream Company LP (“Targa Midstream”), TPL SouthTex Processing Company LP (“TPL Processing”), and TPL SouthTex Transmission Company LP (“TPL Transmission”, and collectively with T2, TPL, TPL Gas Utility, Targa Midstream, and TPL Processing, “Targa”) files this Objection to the *Notice of Potential Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Amounts* [D.I. 576] (the “Cure Notice”) and respectfully states as follows:

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.



FACTUAL BACKGROUND

1. On September 1, 2015, T2 and Southcross CCNG Transmission Ltd. (“Southcross”) entered into the Operational Balance Agreement (the “OPA”). The OPA governs the parties’ operation of pipeline facilities located in Refugio County, Texas.

2. On October 1, 2016, Targa Midstream, TPL Processing, and TPL Transmission entered into the T2 JV Netting Agreement (the “Netting Agreement”) with FL Rich Gas Services, LP, and Southcross Marketing Company Ltd. (“Southcross Marketing”).

3. On June 13, 2019, the Debtors filed the Cure Notice, which lists the cure amount for the OPA and the Netting Agreement as \$0. The Cure Notice also lists the cure amount for other executory contracts where various Targa entities are the contract counterparties as \$0.

4. On June 27, 2019, T2 issued an invoice to Southcross in the amount of \$24,057.05 pursuant to the OPA. On that same day, Targa issued an invoice to Southcross Marketing in the amount of \$20,520.25 due upon receipt pursuant to the Netting Agreement. The amounts invoiced on June 27, 2019 remain outstanding.

OBJECTION

5. Section 365(b)(1) of the Bankruptcy Code provides in relevant part that:

If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee . . . cures, or provides adequate assurance that the trustee will promptly cure, such default. . . .

11 U.S.C. § 365(b)(1).

6. Accordingly, Targa objects to the Cure Notice because the Debtors must cure the \$24,057.05 amount due under the OPA and the \$20,520.25 amount due under the Netting Agreement prior to assuming the OPA and the Netting Agreement under section 365(b)(1) of the Bankruptcy Code.

RESERVATION OF RIGHTS

7. Targa reserves its rights to object to any other cure amount listed in the Cure Notice to the extent that the Debtors do not make any payments due in the ordinary course of business prior to the assumption of those executory contracts.

NOTICE

8. On this date, notice of this Objection shall be given to (A) counsel to the Debtors, (1) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner, Darren S. Klein, Steven Z. Szanzer, and Benjamin M. Schak and (2) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, Delaware 19899-1347, Attn: Robert J. Dehney, Andrew R. Remming, Joseph C. Barsalona II, and Eric W. Moats; (B) counsel to Wells Fargo Bank, N.A., the administrative agent under Southcross's prepetition secured revolving credit facility, Vinson & Elkins LLP, Trammell Crow Center, 2001 Ross Avenue, Suite 3900, Dallas, Texas 75201-2975, Attn: William Wallander, Bradley Foxman, and Matthew Pyeatt; (C) counsel to Wilmington Trust, N.A., the administrative agent under Southcross's prepetition secured term loan facility and post-petition credit facility (1) Arnold & Porter Kaye Scholer LLP, 250 West 55th Street New York, New York 10019-9710, Attn: Alan Glantz and Arnold & Porter Kaye Scholer LLP, 70 West Madison Street Suite 4200 Chicago, Illinois 60602-4231, Attn: Seth J. Kleinman and (2) Duane Morris LLP, 222 Delaware Avenue, Suite 1600, Wilmington, Delaware 19801-1659, Attn: Christopher M. Winter; (D) counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (1) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019-6099, Attn: Joseph G. Minias, Paul V. Shalhoub, and Debra C. McElligott and (2) Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street,

Wilmington, Delaware 19801, Attn: Edmon L. Morton and Matthew B. Lunn; (E) counsel to any official committee appointed in the Chapter 11 Cases; (F) counsel to Southcross Holdings LP, Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attn: M. Natasha Labovitz, Jasmine Ball, and Daniel E. Stroik; and (G) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801. Targa submits that no other or further notice is required under the Cure Notice.

CONCLUSION

WHEREFORE, Targa requests that the Court sustain this Objection and grant such other and further relief as just.

Dated: July 11, 2019
Wilmington, Delaware

/s/ Leslie C. Heilman
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Counsel for Targa

CERTIFICATE OF SERVICE

I, Leslie C. Heilman, hereby certify that, on this 11th day of July 2019, I caused a true and correct copy of the foregoing **Objection and Reservation of Rights of Targa to Debtors' Notice of Potential Assumption and Assignment of Executory Contracts and Unexpired Leases and Cure Amount** to be served upon the parties listed below in the manner indicated.

Dated: July 11, 2019
Wilmington, Delaware

/s/ Leslie C. Heilman
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