

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

In re:

SOUTHCROSS ENERGY PARTNERS, L.P., *et al.*

Debtors.¹

Chapter 11

Case No. 19-10702 (MFW)

Jointly Administered

FL RICH GAS SERVICES, LP

Plaintiff,

– against –

FRIO LASALLE PIPELINE, L.P.

Defendant.

Adv. Pro. No. 19-50286 (MFW)

**MOTION FOR ENTRY OF AN ORDER AUTHORIZING DEBTOR TO FILE
COMPLAINT AND EXHIBIT UNDER SEAL**

Plaintiff FL Rich Gas Services, LP (“**FL Services**”) respectfully submits this motion (the “**Seal Motion**”) for an order in the form attached hereto as Exhibit A (the “**Proposed Order**”), pursuant to Section 107(b) of Title 11 of the United States Code (the “**Bankruptcy Code**”), and Rule 9018-1(d) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, authorizing FL Services to file under seal the

¹ The Debtors and Debtors in Possession in these cases and 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 mailing address for the Debtors’ corporate headquarters is 1717 Main Street, Suite 5200, Dallas, TX 75201.



Adversary Complaint (the “**Complaint**”) and the exhibit attached to the Declaration of Elliot Moskowitz as Exhibit 1 (the “**Exhibit**”). In support of this Seal Motion, FL Services respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Seal Motion pursuant to 28 U.S.C. §§ 157 and 1334. This action is a core proceeding under 28 U.S.C. § 157(b).
2. Venue with respect to this Seal Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory predicate for the relief requested herein is 11 U.S.C. §§ 105(a) and 107, Federal Rule of Bankruptcy Procedure 9018 and Rule 9018-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

BACKGROUND

4. The accompanying Complaint contains sensitive and confidential business information regarding the finances of the Debtors (including FL Services), Frio LaSalle Pipeline, L.P. (“**Holdings-Frio**”), and Southcross Holdings Borrower, LP (“**Holdings Borrower**”). The Complaint centers on the sensitive and confidential terms of a contract between FL Services and Holdings-Frio. The Exhibit is a copy of the disputed contract, which contains these sensitive and confidential terms, including pricing information that would be valuable to competitors. By this Seal Motion, FL Services seeks to file the Complaint under seal to avoid disclosing such confidential information.

RELIEF REQUESTED

5. By this Seal Motion, FL Services requests that the Court enter an order, substantially in the form of the Proposed Order, authorizing it to file the Complaint and Exhibit under seal.

BASIS FOR RELIEF

6. The Court may authorize FL Services to file the Complaint and Exhibit under seal pursuant to Section 107(b) of the Bankruptcy Code, which provides, in relevant part:

On request of a party in interest, the bankruptcy court shall, and on the bankruptcy court's own motion, the bankruptcy court may . . . protect an entity with respect to a trade secret or confidential research, development, or commercial information

11 U.S.C. § 107(b).

7. Bankruptcy Rule 9018 provides the procedures by which a party may seek relief under Section 107(b) of the Bankruptcy Code:

On motion or on its own initiative, with or without notice, the court may make any order which justice requires (1) to protect the estate or any entity in respect of a trade secret or other confidential research, development, or commercial information, [or] (2) to protect any entity against scandalous or defamatory matter contained in any paper filed in a case under the Code.

Fed. R. Bankr. P. 9018.

8. If the Court finds that an interested party is requesting to seal information covered by Section 107(b) of the Bankruptcy Code, “the court is required to protect a requesting party and has no discretion to deny the application.” *In re Orion Pictures Corp.*, 21 F.3d 24, 27 (2d Cir. 1994).

9. Confidential business information is entitled to protection under Section 107(b) and Rule 9018. *In re Am. Bus. Fin. Servs., Inc.*, No. 05-10203, 2008 WL 3906894, at *45 (Bankr. D. Del. Aug. 20, 2008). Section 107(b) also protects commercial information, which “is information which would result in ‘an unfair advantage to competitors by providing them

information as to the commercial operations of the debtor.”” *In re Alterra Healthcare Corp.*, 353 B.R. 66, 75 (Bankr. D. Del. 2006) (quoting *Orion Pictures*, 21 F.3d at 27).

10. The highly confidential business information in the Complaint and Exhibit merits protection under Section 107(b) and Rule 9018. The Complaint and Exhibit contain details about the financial status of both FL Services and MLP, including the terms of their valuable contracts, and information about their long-term financial prospects. Much of this information is not public and may be subject to revision. If this Court orders public disclosure of this information, the Debtors’ competitors will glean unfair insights into the Debtors’ operations and financial prospects.

11. Moreover, disclosure of this highly confidential business information will diminish the likelihood of Debtors’ successful resolution of their Chapter 11 cases. The Debtors have engaged numerous potential bidders for a sale of some or all of the Debtors’ assets. Potential transaction counterparties have entered into negotiated non-disclosure agreements to access similar information to the information that would be publicly disclosed in the Complaint and Exhibit. Ordering disclosure now would upend the sale process.

12. Similarly, disclosure of the contract provisions will give an unfair advantage to the Debtors’ competitors, and will damage the Debtors’ prospects of a successful resolution. Disclosure will provide Debtors’ competitors with valuable information about the contract terms, including the prices at which the Debtors purchase and/or sell natural gas liquids. Moreover, the contracts themselves include confidentiality provisions, obligating the signatories to prevent their terms from disclosure.

13. Accordingly, FL Services respectfully requests this Court to permit it to submit the Complaint and Exhibit under seal to protect the confidential and sensitive information contained therein.

NOTICE

14. Notice of this Seal Motion has been provided to the following parties, or their counsel, if known: (i) Holdings-Frio and (ii) the Office of the United States Trustee. In light of the nature of the relief requested herein, FL Services submits that no other or further notice is necessary.

CONCLUSION

WHEREFORE, FL Services respectfully requests that the Court enter an order, substantially in the form of the Proposed Order, granting the relief requested herein and such other and further relief as is just and proper.

Dated: New York, New York
August 12, 2019

By: /s/ Robert J. Dehney

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EXHIBIT A

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

In re:

SOUTHCROSS ENERGY PARTNERS L.P., *et al.*
Debtors.²

FL RICH GAS SERVICES, LP,

Plaintiff,

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FRIO LASALLE PIPELINE, L.P.

Defendants.

Chapter 11

Case No. 19–10702-MFW

Jointly Administered

Adv. Pro. No. 19-50286 (MFW)

**ORDER AUTHORIZING FL RICH GAS SERVICES, LP TO FILE COMPLAINT AND
EXHIBIT UNDER SEAL**

Upon consideration of FL Rich Gas Services, LP’s (“**FL Services**”) Motion for Entry of an Order Authorizing FL Rich Gas Services, LP to File Complaint and Exhibit Under Seal (the “**Seal Motion**”), and having determined that the Court has jurisdiction over this matter, and after

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due deliberation and sufficient cause appearing therefore, the Court concludes that FL Services has established sufficient cause for the relief requested; and due notice of the Seal Motion having been provided; and it appearing that no other or further notice of the Seal Motion need be provided; and the Court having determined that the relief sought in the Seal Motion is in the best interest of the estates and all parties in interest; and all of the proceedings before the Court; it is THEREFORE

ORDERED that the Court hereby GRANTS the Seal Motion; and it is further

ORDERED that FL Services is authorized to file the Adversary Complaint (the “**Complaint**”) and related exhibit (the “**Exhibit**”) under seal; and it is further

ORDERED that the Clerk of Court is directed to maintain the un-redacted Complaint and Exhibit under seal and shall not make them publicly available, unless and until permitted by further order of the Court; and it is further

ORDERED that any person or entity that receives a copy of the Complaint and Exhibit shall keep them confidential; and it is further

ORDERED that this Court shall retain jurisdiction to interpret and enforce this Order.

Dated: August __, 2019
Wilmington, Delaware

HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE