

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

----- §
IN RE: § **Chapter 11**
 §
AZURE MIDSTREAM § **Case No. 17-[_____] (___)**
PARTNERS, LP, §
 § **(Emergency Hearing Requested)**
 §
Debtor. §
 §
Tax I.D. No. 46-2627595 §
 ----- §

IN RE: § **Chapter 11**
 §
AZURE ETG, LLC, § **Case No. 17-[_____] (___)**
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(Emergency Hearing Requested) §
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Debtor. §
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Tax I.D. No. 27-0633388 §
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IN RE: § **Chapter 11**
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AZURE HOLDINGS GP, LLC, § **Case No. 17-[_____] (___)**
 §
(Emergency Hearing Requested) §
 §
Debtor. §
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Tax I.D. No. 35-2530537 §
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IN RE: § **Chapter 11**
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AZURE MIDSTREAM § **Case No. 17-[_____] (___)**
PARTNERS GP, LLC, §
 § **(Emergency Hearing Requested)**
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Debtor. §
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Tax I.D. No. 90-0968089 §
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IN RE: § **Chapter 11**
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MURVAUL GAS § **Case No. 17-[_____] (___)**
GATHERING, LLC, §
 § **(Emergency Hearing Requested)**
 §
Debtor. §
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Tax I.D. No. 20-2020826 §
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IN RE: § **Chapter 11**
 §
TALCO MIDSTREAM § **Case No. 17-[_____] (___)**
ASSETS, LTD., §
 § **(Emergency Hearing Requested)**
 §
Debtor. §
 §
Tax I.D. No. 75-2957004 §
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IN RE: § **Chapter 11**
 §
TURKEY CREEK § **Case No. 17-[_____] (___)**
PIPELINE, LLC, §
 § **(Emergency Hearing Requested)**
 §
Debtor. §
 §
Tax I.D. No. 30-0331161 §
 ----- §

**EMERGENCY MOTION OF DEBTORS FOR ORDER
 DIRECTING JOINT ADMINISTRATION OF CHAPTER 11 CASES PURSUANT
 TO BANKRUPTCY RULE 1015(b) AND BANKRUPTCY LOCAL RULE 1015-1**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.

Azure Midstream Partners, LP, its subsidiaries, and certain affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), respectfully represent as follows in support of this motion (this “**Motion**”):

Relief Requested

1. Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 1015-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local Rules**”), the Debtors request entry of an order directing consolidation of their chapter 11 cases for procedural purposes only.

2. A proposed form of order granting the relief requested herein is annexed hereto as **Exhibit A** (the “**Proposed Order**”).

Jurisdiction

3. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

4. On the date hereof (the “**Petition Date**”), each of the Debtors commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

5. The Debtors are a publicly-traded master limited partnership organized for the purpose of acquiring, developing, and operating midstream energy assets relating to (i) the gathering, transport, and processing of liquid natural gas and (ii) crude oil logistics services. The Debtors consist of eight operating entities, including Azure Midstream Partners, LP (“**Azure**”) and Azure Midstream Partners GP, LLC (“**Azure General Partner**”), and four non-operating entities (collectively, with the operating entities, the “**Company**”). Approximately 97.7% of all outstanding limited partner interests in Azure are publicly held. Non-Debtor privately-held affiliate Azure Midstream Energy, LLC (“**AME**”) owns all the general partnership interests of Azure General Partner. AME also owns midstream energy assets, independent of its interests in Azure General Partner, either directly or through its affiliates (AME and such non-Debtor affiliates, collectively, the “**Non-Debtor Affiliate Company**”).

6. Additional information regarding the circumstances leading to the commencement of these chapter 11 cases and information regarding the Debtors’ business and capital structure is set forth in the *Declaration of Ed Mosley in Support of the Debtors’ Chapter 11 Petitions and Related Requests for Relief* (the “**Mosley Declaration**”), which has been filed contemporaneously herewith.¹

¹ Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Mosley Declaration.

Basis for Relief Requested

7. Bankruptcy Rule 1015(b) provides, in relevant part, that “[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order a joint administration of the estates.” Under section 101(2) of the Bankruptcy Code, the term “affiliate” means:

(A) [an] entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote;

(B) [a] corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the debtor, or by an entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than an entity that holds such securities—

(i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or

(ii) solely to secure a debt, if such entity has not in fact exercised such power to vote . . . ; or

(D) [an] entity that operates the business or substantially all of the property of the debtor under a lease or operating agreement.

In addition, Bankruptcy Local Rule 1015-1 provides for the joint administration of related chapter 11 cases. Here, the Debtors are affiliates of Azure. Debtor Azure General Partner, as general partner of Azure, controls 100% of Azure’s general partner interests and has exclusive authority to manage and conduct Azure’s affairs and business under Azure’s partnership agreement. Azure, in turn, owns or controls, either directly or indirectly, 100% of the

outstanding voting securities of each of the other Debtors. Accordingly, this Court is authorized to jointly administer these cases for procedural purposes.

8. Joint administration of these cases will save the Debtors and their estates substantial time and expense because it will remove the need to prepare, replicate, file, and serve duplicative notices, applications, and orders. Further, joint administration will relieve the Court from having to enter duplicative orders and maintain duplicative files and dockets. The United States Trustee for the Southern District of Texas and other parties in interest will similarly benefit from joint administration of these chapter 11 cases, being spared the time and effort of reviewing duplicative dockets, pleadings, and papers.

9. Joint administration will not adversely affect creditors' rights because this Motion requests only the administrative consolidation of the estates for procedural purposes and does not seek substantive consolidation. As such, each creditor will continue to hold its claim against a particular Debtor's estate after this Motion is approved.

10. The Debtors respectfully request that each of the Debtors' chapter 11 cases be administered under a consolidated caption, in the following form:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	Chapter 11
	§	
	§	
AZURE MIDSTREAM PARTNERS, LP, et al.,	§	Case No. 17-_____ (____)
	§	
Debtors.¹	§	(Jointly Administered)
	§	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Azure Midstream Partners, LP (7595), Azure ETG, LLC. (3388), Azure Holdings GP, LLC (0537), Azure Midstream Partners GP, LLC (8089), Azure TGG, LLC (6233), Marlin G&P I, LLC (6073), Marlin Logistics, LLC (8460), Marlin Midstream Finance Corp. (0130), Marlin Midstream, LLC (2587), Murvaul Gas Gathering, LLC (0826), Talco Midstream Assets, Ltd. (7004), and Turkey Creek Pipeline, LLC (1161).

11. The Debtors also seek the Court’s direction that a notation substantially similar to the following notation be entered on the docket in each Debtor’s chapter 11 case (other than the chapter 11 case of Azure) to reflect the joint administration of these cases:

An order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Azure Midstream Partners, LP, et al. The docket in Case No. 17-_____ () should be consulted for all matters affecting this case.

12. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and respectfully request it be granted in all respects.

Notice

13. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases. Notice of this Motion will be provided to (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the Debtors’ thirty (30) largest unsecured creditors on a consolidated basis; (iii) Baker & McKenzie LLP, 452 Fifth Avenue,

New York, NY 10018 (Attn: James Donnell, Esq. and Peter S. Goodman, Esq.), counsel to Wells Fargo Bank, N.A., as administrative agent under the Credit Agreement; (iv) the Securities and Exchange Commission; (v) the Internal Revenue Service; and (vi) the United States Attorney's Office for the Southern District of Texas. The Debtors submit that no other or further notice need be provided.

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: January 30, 2017
Houston, Texas

/s/ Christopher M. López

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-and-

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*Proposed Attorneys for the Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on January 30, 2017, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas and will be served as set forth in the Affidavit of Service to be filed by the Debtors' proposed claims, noticing, and solicitation agent.

*/s/ Christopher M. Lopez*_____

Christopher M. López

Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

----- §
IN RE: § Chapter 11
§
AZURE MIDSTREAM § Case No. 17-[_____] (____)
PARTNERS, LP, §
§
Debtor. §
§
Tax I.D. No. 46-2627595 §
----- §

IN RE: § Chapter 11
§
AZURE ETG, LLC, § Case No. 17-[_____] (____)
§
Debtor. §
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Tax I.D. No. 27-0633388 §
----- §

IN RE: § Chapter 11
§
AZURE HOLDINGS GP, LLC, § Case No. 17-[_____] (____)
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Debtor. §
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Tax I.D. No. 35-2530537 §
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IN RE: § Chapter 11
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AZURE MIDSTREAM § Case No. 17-[_____] (____)
PARTNERS GP, LLC, §
§
Debtor. §
§
Tax I.D. No. 90-0968089 §
----- §

----- §
IN RE: §
AZURE TGG, LLC, §
 §
Debtor. §
 §
Tax I.D. No. 35-2526233 §
 ----- §

Chapter 11
Case No. 17-[] ()

IN RE: §
MARLIN G&P I, LLC, §
 §
Debtor. §
 §
Tax I.D. No. 20-2136073 §
 ----- §

Chapter 11
Case No. 17-[] ()

IN RE: §
MARLIN LOGISTICS, LLC, §
 §
Debtor. §
 §
Tax I.D. No. 27-3368460 §
 ----- §

Chapter 11
Case No. 17-[] ()

IN RE: §
MARLIN MIDSTREAM §
FINANCE CORPORATION, §
 §
Debtor. §
 §
Tax I.D. No. 47-3470130 §
 ----- §

Chapter 11
Case No. 17-[] ()

IN RE: §
MARLIN MIDSTREAM, LLC, §
 §
Debtor. §
 §
Tax I.D. No. 20-0262587 §
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Chapter 11
Case No. 17-[] ()

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IN RE: § **Chapter 11**
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MURVAUL GAS § **Case No. 17-[_____] (___)**
GATHERING, LLC, §
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Debtor. §
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Tax I.D. No. 20-2020826 §
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IN RE: § **Chapter 11**
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TALCO MIDSTREAM § **Case No. 17-[_____] (___)**
ASSETS, LTD., §
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Tax I.D. No. 75-2957004 §
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IN RE: § **Chapter 11**
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TURKEY CREEK § **Case No. 17-[_____] (___)**
PIPELINE, LLC, §
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Debtor. §
 §
Tax I.D. No. 30-0331161 §
 ----- §

ORDER DIRECTING JOINT ADMINISTRATION OF CHAPTER 11 CASES PURSUANT TO BANKRUPTCY RULE 1015(b) AND BANKRUPTCY LOCAL RULE 1015-1

Upon the motion, dated January 30, 2017 (the “**Motion**”),¹ of Azure Midstream Partners, LP, its subsidiaries, and certain affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), for an order directing joint administration of their chapter 11 cases pursuant to Bankruptcy Rule 1015(b) and Bankruptcy

¹ All capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to such terms in the Motion.

Local Rule 1015-1, as more fully set forth in the Motion; and upon consideration of the Mosely Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue is allowed before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed 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 it appearing that the relief requested in the Motion is in the best interests of the Debtors and their respective estates and creditors; 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 Motion is granted as set forth herein.
2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered by the Court under Case No. 17-_____ ().

Additionally, the following checked items are ordered:

One disclosure statement and plan of reorganization may be filed for all cases by any plan proponent.

Case No. 17-_____ (higher case number) shall be transferred to Judge _____, who has the lower numbered case.

Parties may request joint hearings on matters pending in any of the jointly administered cases.

Other: See below.

3. Nothing contained in this Order shall be deemed or construed as directing or otherwise affecting the substantive consolidation of any of the above-captioned cases. The caption of the jointly administered cases should read as follows:

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	Chapter 11
	§	
AZURE MIDSTREAM PARTNERS, LP, et al.,	§	Case No. 17-_____ (___)
	§	
Debtors.¹	§	(Jointly Administered)
	§	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Azure Midstream Partners, LP (7595), Azure ETG, LLC. (3388), Azure Holdings GP, LLC (0537), Azure Midstream Partners GP, LLC (8089), Azure TGG, LLC (6233), Marlin G&P I, LLC (6073), Marlin Logistics, LLC (8460), Marlin Midstream Finance Corp. (0130), Marlin Midstream, LLC (2587), Murvaul Gas Gathering, LLC (0826), Talco Midstream Assets, Ltd. (7004), and Turkey Creek Pipeline, LLC (1161). The Debtors’ principal offices are located at 12377 Merit Drive, Suite 300, Dallas, Texas 75251.

4. The foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

5. A docket entry shall be made in each of the above-captioned cases (except the chapter 11 case of Azure) substantially as follows:

An order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Azure Midstream Partners, LP, et al. The docket in Case No. 17-_____ () should be consulted for all matters affecting this case.

6. The Debtors shall maintain, and the Clerk of the United States Bankruptcy Court for the Southern District of Texas shall keep, one consolidated docket, one file, and one consolidated service list for these chapter 11 cases.

7. The Debtors are authorized to take all steps necessary or appropriate to carry out this Order.

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

Dated: _____, 2017
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE