

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. 17-30461 (DRJ)
§
§ Jointly Administered
§
Debtors.¹ §

EXPEDITED MOTION OF DEBTORS FOR ENTRY OF STIPULATION
AND ORDER REGARDING PROOF OF CLAIM OF INDEMNITEES
UNDER ORGANIZATIONAL DOCUMENTS OF AZURE MIDSTREAM
PARTNERS, LP AND AZURE MIDSTREAM PARTNERS GP, LLC

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 WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU AND SEND A COPY TO THE MOVING PARTY. 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. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EXPEDITED RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EXPEDITED BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EXPEDITED 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**”):

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).



Relief Requested

1. Pursuant to section 105 of title 11 of the United States Code (the “**Bankruptcy Code**”), the Debtors respectfully request entry of the *Stipulation and Order Regarding Proof of Claim of Indemnitees Under Organizational Documents of Azure Midstream Partners, LP and Azure Midstream Partners GP, LLC*, in the form annexed hereto as **Exhibit A** (the “**Stipulation**”).

Jurisdiction

2. 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

3. On January 30, 2017 (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.

4. 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**”). Azure General Partner owns the general partnership interest in Azure. 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**”).

5. On February 23, 2017, this Court entered an order (Docket No. 113) that, among other things, established March 27, 2017 at 5:00 p.m. (prevailing Central Time) as the deadline for general creditors to file proofs of claim against any of the Debtors (the “**General Bar Date**”).

6. On March 16, 2017, the Debtors and AME entered into the Stipulation, subject to this Court’s approval. The purpose of the Stipulation is to streamline the process of filing proofs of claim by the Non-Debtor Affiliate Company and other beneficiaries of indemnification and related claims under the Debtors’ organizational documents.

Basis for Relief Requested

7. The Court should approve the Stipulation pursuant to section 105(a) of the Bankruptcy Code, under which “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a); *See also In re Cano*, 410 B.R. 506, 536 (Bankr. S.D. Tex. 2009) (noting that “[s]ection 105 of the Bankruptcy Code grants courts broad authority to enter any order or judgment necessary or appropriate to carry out the provisions of the Bankruptcy Code.”) (internal quotation marks omitted); *In re Rojas*, No. 07-70058, 2009 WL 2496807, at *1 (Bankr. S.D. Tex. Aug. 12, 2009) (same); *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *In re Volpert*, 110 F.3d 494, 500 (7th Cir. 1997) (“Section 105 grants broad powers to bankruptcy courts to

implement the provisions of Title 11 . . .” including authority to issue orders to prevent unnecessary proceedings).

8. As is customary for corporations, limited partnerships and limited liability companies, the relevant organizational documents for many of the Debtors; most notably, Azure and Azure General Partner, provide indemnity and other related protections for officers, directors and other indemnitees affiliated with the Debtors. If approved, the Stipulation would authorize AME to file proofs of claim in the Debtors’ bankruptcy cases on behalf of itself and any person or entity that is included within the definition of “Indemnitee” under such organizational documents. If timely filed by AME, such claims will be deemed timely filed for AME and each of the non-Debtor Indemnitees, including officers and directors. The Debtors and AME negotiated the Stipulation in good faith and at arm’s-length. Moreover, entry of the Stipulation will not in any way affect the substantive rights of the Debtors, AME, or any other party in interest. Accordingly, approval of the Stipulation is justified under section 105 of the Bankruptcy Code.

Expedited Consideration

9. The Debtors respectfully submit that it is appropriate for the Court to consider this Motion on an expedited basis in light of the General Bar Date, March 27, 2017.

Notice

10. 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’ 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; (vi) the United States Attorney's Office for the Southern District of Texas; and (vii) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that no other or further notice need be provided.

No Previous Request

11. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: March 16, 2017
Houston, Texas

/s/ Christopher M. López

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*Attorneys for the Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on March 16, 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.

/s/ Christopher M. López

Christopher M. López

Exhibit A

Stipulation

**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. 17-30461 (DRJ)
	§	
	§	Jointly Administered
	§	
Debtors.¹	§	

**STIPULATION AND ORDER REGARDING PROOF OF CLAIM OF INDEMNITEES
UNDER ORGANIZATIONAL DOCUMENTS OF AZURE MIDSTREAM PARTNERS, LP
AND AZURE MIDSTREAM PARTNERS GP, LLC**

WHEREAS Azure Midstream Partners, LP (“**Azure LP**”) and its subsidiaries and certain affiliates are debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), in the United State Bankruptcy Court for the Southern District of Texas, Houston Division (the “**Bankruptcy Court**”);

WHEREAS the Bankruptcy Court entered the Order (i) Establishing Revised Deadline to File Proofs of Claim and (ii) Approving Form and Manner of Notice Thereof (the “**Bar Date Order**”) on February 23, 2017 (dkt 113);

WHEREAS the Bar Date Order sets March 27, 2017 (the “**Bar Date**”) as the deadline for non-government entities to file proofs of claims in the Debtors’ bankruptcy cases;

WHEREAS Azure LP is operated under the Second Amended and Restated Agreement of Limited Partnership of Marlin Midstream Partners, LP² dated February 27, 2015, as amended (the “**Azure LP Agreement**”);

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if any, are: Azure ETG, LLC. (3388), Azure Holdings GP, LLC (0537), Azure Midstream Partners GP, LLC (8089), Azure Midstream Partners, LP (7595), 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.

WHEREAS Azure Midstream Energy, LLC (“**AME**”) is the interest holder of Azure Midstream Partners GP, LLC (“**Azure GP**”), the General Partner of Azure LP and one of the Debtors;

WHEREAS Azure GP is operated under the First Amended and Restated Limited Liability Company Agreement of Marlin Midstream GP, LLC³ dated July 31, 2013, as amended (the “**Azure GP LLC Agreement**”); and

WHEREAS Section 7.7 of the Azure LP Agreement and Article X of the Azure GP LLC Agreement provide for certain indemnification and other rights in favor of “Indemnitees,” as that term is defined in such organizational documents.

NOW THEREFORE:

1. AME and the Debtors, on behalf of themselves and their bankruptcy estates, stipulate that AME is authorized to, and may, file a proof of claim in the Debtors’ bankruptcy cases on behalf of itself and any person or entity that is included within the definition of “Indemnitee,” or is the beneficiary of similar protections, under the Azure LP Agreement, the Azure GP LLC Agreement, or any other organizational document of any of the Debtors (each, an “**Azure Indemnitee**”). No further evidence of AME’s authority to file a proof of claim on behalf of any Azure Indemnitee shall be required.

2. If AME files the proof of claim referenced in the preceding paragraph by the Bar Date, such claim of Azure on behalf of itself and each Azure Indemnitee shall be considered timely filed under the Bar Date Order.

3. Nothing in this stipulation shall obligate AME to defend the claims of any Azure Indemnitee in any controversy or dispute regarding an Azure Indemnitee’s claim, and AME shall

² Marlin Midstream Partners, LP is now known as Azure Midstream Partners, LP.

³ Marlin Midstream GP, LLC is now known as Azure Midstream Partners GP, LLC.

not be considered an agent of any Azure Indemnatee. AME's undersigned counsel shall not be considered to have established any attorney-client relationship with any Azure Indemnatee except AME.

Dated: March 16, 2017

Respectfully submitted,

ON BEHALF OF AZURE MIDSTREAM ENERGY, LLC

ON BEHALF OF THE DEBTORS AND DEBTORS IN POSSESSION

/s/ Omar J. Alaniz

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THIS STIPULATION IS HEREBY APPROVED.

Dated: Houston, Texas

_____, 2017

David R. Jones
United States Bankruptcy Judge