

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)
et al.,)	
	)	Jointly Administered
Debtors. ¹)	
	)	RE: D.I. 225, 236, 238, 249 & 265

**CERTIFICATE OF COUNSEL REGARDING PROPOSED ORDER (I)
APPROVING BIDDING PROCEDURES FOR SALE OF DEBTORS' ASSETS, (II)
AUTHORIZING THE SELECTION OF A STALKING HORSE BIDDER, (III)
APPROVING BID PROTECTIONS, (IV) SCHEDULING AUCTION FOR, AND
HEARING TO APPROVE, SALE OF DEBTORS' ASSETS, (V) APPROVING
FORM AND MANNER OF NOTICES OF SALE, AUCTION AND SALE
HEARING, (VI) APPROVING ASSUMPTION AND ASSIGNMENT
PROCEDURES, AND (VII) GRANTING RELATED RELIEF**

The undersigned counsel to the above-captioned debtors and debtors in possession (the “Debtors”) hereby certifies as follows:

1. On May 22, 2019, the Debtors filed the *Motion of Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related*

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.



Relief and (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief (D.I. 225) (the "Motion").

2. Pursuant to the Motion, the deadline to file objections or responses to the relief requested in the Motion was to be filed and served no later than June 5, 2019, at 4:00 p.m. (Prevailing Eastern Time).

3. On May 28, 2019, counsel for the Texas Taxing Authorities (the "**Taxing Authorities**") filed the *Response to the Motion of Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related Relief and (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief (D.I. 236) (the "Taxing Authorities Response").*

4. On May 30, 2019, counsel for Cigna Health and Life Insurance Company ("**Cigna**") file the *Objection of Cigna Entities to Motion of Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related Relief and (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances,*

(B) *Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases*, and (C) *Granting Related Relief* (D.I. 238) (the “**Cigna Objection**”).

5. On June 5, 2019, counsel for the Texas Commission on Environmental Quality (the “**Texas Commission**”) filed *The Texas Commission of Environmental Quality’s Limited Objection to the Debtors’ Motion for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors’ Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, And Hearing to Approve, Sale of Debtors’ Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related Relief and (II)(A) Approving Sale of Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (D.I. 249) (the “**Texas Commission Objection**,” and, together with the Taxing Authorities Response and the Cigna Objection, the “**Bid Procedures Objections**”).

6. The Debtors also received informal comments to the Motion from the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”), Southcross Holdings Borrower LP, and the Post-Petition Lenders and Ad Hoc Group of Prepetition Lenders. Besides the Bid Procedures Objections and the informal comments from the U.S. Trustee, Southcross Holdings Borrower LP, and the Post-Petition Lenders and Ad Hoc Group of Prepetition Lenders, the Debtors have received no other objection or informal comment, and no objection or other responsive pleading to the Motion appears on the Court’s docket.

7. The Debtors resolved the issues raised in the Bid Procedures Objections, and the informal comments of the U.S. Trustee, Southcross Holdings Borrow LP, and the Post-Petition Lenders and Ad Hoc Group of Prepetition Lenders, through revisions to the proposed order granting

the relief requested in the Motion (the “**Proposed Order**”). The Proposed Order was submitted to the Court through certificate of counsel on June 11, 2019 (D.I. 265).

8. The Taxing Authorities, Cigna, the Texas Commission, the U.S. Trustee, Southcross Holdings Borrower LP, and the Post-Petition Lenders and Ad Hoc Group of Prepetition Lenders reviewed the Proposed Order and did not object to its entry.

9. A hearing on approval of the Motion was held on June 12, 2019 (the “**Hearing**”). At the Hearing, the Court approved the Proposed Order and indicated that it would enter the Proposed Order, subject to certain revisions being made thereto and being submitted to the Court under certificate of counsel.

10. Attached hereto as Exhibit A is a revised proposed form of order approving the Motion (the “**Revised Proposed Order**”), which reflects discussions and resolutions consistent with the record made at the Hearing.

11. For the convenience of the Court and all parties in interest, a blackline comparing the Revised Proposed Order marked against the Proposed Order is attached hereto as Exhibit B.

WHEREFORE, the Debtors respectfully request that the Court enter the Revised Proposed Order substantially in the form attached hereto as Exhibit A at its earliest convenience.

Dated: June 12, 2019
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Joseph C. Barsalona II

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Counsel to the Debtors and Debtors in Possession

Exhibit A

Revised Proposed Order

**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> ,)	
	)	(Jointly Administered)
Debtors. ¹)	
	)	Re: D.I. 225
)	

ORDER (I) APPROVING BIDDING PROCEDURES FOR SALE OF DEBTORS' ASSETS, (II) AUTHORIZING THE SELECTION OF A STALKING HORSE BIDDER, (III) APPROVING BID PROTECTIONS, (IV) SCHEDULING AUCTION FOR, AND HEARING TO APPROVE, SALE OF DEBTORS' ASSETS, (V) APPROVING FORM AND MANNER OF NOTICES OF SALE, AUCTION AND SALE HEARING, (VI) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (VII) GRANTING RELATED RELIEF

Upon the motion (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 entry of an order, pursuant to sections 105(a), 363, 365, 503, and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, and 9014 and Local Rules

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 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures or, if not defined therein, in the Motion.

2002-1, 6004-1 and 9006-1, (i)(a) approving Bidding Procedures for the sale of the Debtors' assets, (b) authorizing the selection of a Stalking Horse Bidder, (c) approving Bid Protections, (d) scheduling an Auction for, and a hearing to approve, the sale of the Debtors' assets, (e) approving the Noticing Procedures, (f) approving Assumption and Assignment Procedures, and (g) granting related relief, and (ii)(a) approving the sale of the Debtors' assets free and clear of liens, claims, interests, and encumbrances, (b) authorizing the assumption and assignment of Contracts and Leases, and (c) granting related relief, in each case, 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 Hannan Declaration; and the Court having held a hearing on the Motion (the “**Bidding Procedures Hearing**”); and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings

of fact constitute conclusions of law, and to the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. The Debtors' proposed notice of the Motion, the Bidding Procedures, the Bidding Procedures Hearing, and the proposed entry of the Bidding Procedures Order (this "**Order**") is (i) appropriate and reasonably calculated to provide all interested parties with timely and proper notice, (ii) in compliance with all applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and (iii) adequate and sufficient under the circumstances of the Chapter 11 Cases, and no other or further notice is required. A reasonable opportunity to object or be heard regarding the relief requested in the Motion (including, without limitation, with respect to the Bidding Procedures and Bid Protections) has been afforded to all interested persons and entities, including, but not limited to, the Notice Parties.

C. The Bidding Procedures in the form attached hereto as Exhibit 1 are fair, reasonable, and appropriate, are designed to maximize recoveries from a sale of the Bid Assets, and permit the Debtors to comply with their obligations under the DIP Credit Agreement and DIP Order (as each is defined in the Motion).

D. The Debtors have demonstrated a compelling and sound business justification for the Court to enter this Order and, thereby, (i) approve the Bidding Procedures, (ii) authorize the selection of a Stalking Horse Bidder (if any), under the terms and conditions set forth in the Bidding Procedures, (iii) authorize the Bid Protections, under the terms and conditions set forth in the Bidding Procedures and subject to the entry of the Stalking Horse Order (as defined below), (iv) set the dates of the Bid Deadline, Auction (if needed), Sale Hearing, and other deadlines set forth in the Bidding Procedures, (v) approve the Noticing Procedures and the forms of notice, and (vi) approve the Assumption and Assignment Procedures (as defined below) and

the forms of relevant notice. Such compelling and sound business justification, which was set forth in the Motion and on the record at the Bidding Procedures Hearing, are incorporated herein by reference and, among other things, forms the basis for the findings of fact and conclusions of law set forth herein.

E. The Bid Protections, as approved by this Order, are fair and reasonable and provide a benefit to the Debtors' estates and stakeholders.

F. The payment of the Break-Up Fee and Expense Reimbursement, which constitute the Bid Protections, upon the terms and conditions set forth in the Bidding Procedures, and pursuant to the terms of a definitive agreement between the Debtors and such Stalking Horse Bidder reflective of the terms set forth in the Bidding Procedures (for the avoidance of doubt, subject to the entry of a Stalking Horse Order and final Court approval at the Sale Hearing), are (i) an actual and necessary cost of preserving the Debtors' estates, within the meaning of sections 503(b) and 507(a) of the Bankruptcy Code, (ii) reasonably tailored to encourage, rather than hamper, bidding for the Bid Assets, by providing a baseline of value, increasing the likelihood of competitive bidding at the Auction, and facilitating participation of other bidders in the sale process, thereby increasing the likelihood that the Debtors will receive the best possible price and terms for the Bid Assets, (iii) of substantial benefit to the Debtors' estates and stakeholders and all parties in interest herein, (iv) reasonable and appropriate, (v) a material inducement for, and condition necessary to, the successful selection of, the reaching of a definitive agreement with, a Stalking Horse Bidder (if any) who will pursue its purchase of the Bid Assets, and (vi) reasonable in relation to the magnitude of effort that will be required of such Stalking Horse Bidder, the magnitude of the Sale Transaction, and the loss of opportunities such Stalking Horse Bidder would suffer as a result of the time spent pursuing the Sale Transaction. Without the Bid

Protections, no Qualified Bidder would agree to become a Stalking Horse Bidder and remain obligated to consummate the Sale Transaction (including, without limitation, the obligation to maintain its committed offer while such offer is subject to higher or better offers, as contemplated by the Bidding Procedures).

G. The legal and factual bases set forth in the Motion establish just cause for the relief granted herein. Entry of this Order is in the best interests of the Debtors and their estates, creditors, interest holders, and all other parties in interest herein.

H. The form and manner of notice to be delivered pursuant to the Noticing Procedures and the Assumption and Assignment Procedures (including the Sale Notice attached hereto as Exhibit 2, the Potential Assumption and Assignment Notice attached hereto as Exhibit 3, and the Proposed Assumption and Assignment Notice attached hereto as Exhibit 4) are reasonably calculated to provide each Counterparty to the Potential Assumed Contracts and the Proposed Assumed Contracts with (i) proper notice of the potential assumption and assignment of such Potential Assumed Contracts and Proposed Assumed Contracts by the Successful Bidder(s) (including the Stalking Horse Bidder, if any) or any of their known proposed assignees (if different from the Successful Bidder), and (ii) sufficient information to assert any objection to the proposed Cure Costs as of the Petition Date or otherwise be barred from asserting claims arising from events occurring prior to the Petition Date.

ORDERED, ADJUDGED, AND DECREED THAT:

1. The relief requested in the Motion is hereby granted as set forth herein.
2. Any objections to the Motion or the relief requested therein that have not been adjourned, withdrawn, or resolved are overruled in all respects on the merits.

3. The Bidding Procedures, in substantially the form attached hereto as Exhibit 1, are approved and fully incorporated into this Order and the Debtors are authorized, but not directed, to act in accordance therewith. The failure to specifically include a reference to any particular provision of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such provision.

4. Nothing herein shall prejudice the rights of the Debtors to seek by separate motion, in the exercise of their sound business judgment and fiduciary duties (in consultation with the DIP Secured Parties, each of the Prepetition Agents (each as defined in the DIP Order), and Southcross Holdings LP (together with its non-Debtor subsidiaries, “**Holdings**”)), the authority to sell assets of the Debtors’ estates (that do not constitute all or substantially all of the Debtors’ assets) pursuant to section 363 of the Bankruptcy Code. For the avoidance of doubt, the sale of the Bid Assets pursuant to multiple Partial Bids, that in the aggregate result in a sale of all or substantially all of the Bid Assets, meets the definition of “Section 363 Sale” set forth in the DIP Credit Agreement.

5. Subject to the entry of a Stalking Horse Order and final Court approval at the Sale Hearing, the Debtors are authorized, but not obligated, in an exercise of their business judgment (in consultation with the DIP Secured Parties, each of the Prepetition Agents, and Holdings (collectively, the “**Consulting Parties**”)), to agree with any Qualified Bidder(s) that such Qualified Bidder(s) shall be the Stalking Horse Bidder(s) and that the Debtors will enter into a definitive agreement with such Stalking Horse Bidder(s) in accordance with the terms and conditions set forth in the Bidding Procedures.

6. Subject to the entry of a Stalking Horse Order and final Court approval at the Sale Hearing, the Debtors are authorized to enter into a definitive agreement with the Stalking Horse Bidder for the Sale Transaction.

7. Bid Deadline. As further described in the Bidding Procedures, the Bid Deadline shall be at **6:00 p.m. (prevailing Eastern Time) on July 24, 2019**.

8. Auction. In the event the Debtors receive, on or before the Bid Deadline, one or more Qualified Bids (whether or not any Stalking Horse Bidder is selected), an Auction shall be conducted at the offices of Davis Polk & Wardwell LLP, 450 Lexington Ave., New York, New York 10017 at **10:00 a.m. (prevailing Eastern Time) on September 3, 2019**, or such later time on such day or such other place as the Debtors shall notify all Participating Parties. The Debtors are authorized to conduct the Auction in accordance with the Bidding Procedures.

9. If (a) no Qualified Bids are submitted by the Bid Deadline other than a Stalking Horse Bid, (b) only one Qualified Bid which is not a Stalking Horse Bid is submitted by the Bid Deadline, or (c) only one or more Partial Bids are submitted by the Bid Deadline for non-overlapping lots of the Bid Assets, the Debtors may in their discretion (in consultation with the Consulting Parties) elect to cancel the Auction, seek approval of the transactions contemplated in the Stalking Horse Bid, the Qualified Bid which is not a Stalking Horse Bid, or the transactions in respect of such Partial Bids at the Sale Hearing.

10. The form of Sale Notice attached hereto as Exhibit 2 is hereby approved.

11. As soon as reasonably practicable after entry of this Order, the Debtors shall serve the Sale Notice by first class or overnight mail upon the following: (a) the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”); (b) counsel to any official committee appointed in the Chapter 11 Cases; (c) counsel to each of the DIP Secured Parties;

(d) counsel to each of the Prepetition Secured Parties; (e) Counterparties to Contracts and Leases; (f) the Internal Revenue Service; (g) all applicable state and local taxing authorities; (h) the Securities & Exchange Commission; (i) the U.S. Environmental Protection Agency; (j) the United States Attorney's Office for the District of Delaware; (k) the United States Attorney General/Antitrust Division of the Department of Justice; (l) the offices of the attorneys general for the states in which the Debtors operate; (m) all potential buyers previously identified or solicited by the Debtors or their advisors and any additional parties who have previously expressed an interest to the Debtors or their advisors in potentially acquiring the Debtors' assets; (n) all such other entities as may be required by applicable Bankruptcy Rules or Local Rules; (o) counsel to Holdings; and (p) all other known parties with any interest in the Bid Assets (collectively, the "**Sale Notice Parties**"). On or about the same date, the Debtors will publish the Sale Notice once in *The Wall Street Journal* national edition.

12. Service of the Sale Notice on the Sale Notice Parties in the manner described in this Order constitutes good and sufficient notice of the Auction and the Sale Hearing. No other or further notice is required.

13. Promptly after the conclusion of the Auction and the selection of the Successful Bid(s) and Alternate Bid(s), the Debtors shall file and post on the Case Information Website a notice identifying such Successful Bid(s) and Alternate Bid(s) with the Court.

14. Sale Objections. Objections to the relief sought in the Sale Order must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, (d) be filed with the Court no later than **4:00 p.m. (prevailing Eastern Time) on September 10, 2019**, and (e) be served on (1) counsel to the Debtors, (x) 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 (y) 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; (2) 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, TX 75201-2975, Attn: William Wallander, Bradley Foxman, and Matthew Pyeatt; (3) counsel to Wilmington Trust, N.A., the administrative agent under Southcross's prepetition secured term loan facility and post-petition credit facility (x) Arnold & Porter Kaye Scholer LLP, 250 West 55th Street New York, NY 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 (y) Duane Morris LLP, 222 Delaware Avenue, Suite 1600, Wilmington, Delaware 19801-1659, Attn: Christopher M. Winter; (4) counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (x) 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 (y) Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Edmon L. Morton and Matthew B. Lunn; (5) counsel to any official committee appointed in the Chapter 11 Cases; (6) counsel to Holdings, Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attn: M. Natasha Labovitz, Jasmine Ball, and Daniel E. Stroik; and (7) the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801 (collectively, the "**Objection Notice Parties**").

15. Sale Hearing. The Sale Hearing shall be held in the United States Bankruptcy Court for the District of Delaware, Wilmington, Delaware 19801, on **September 18, 2019 at**

10:30 a.m. (prevailing Eastern Time) or such other date and time that the Court may later direct; provided, however, that the Sale Hearing may be adjourned by the Debtors (with the consent of the Required Lenders (as defined in the DIP Credit Agreement)) by announcement of the adjournment in open court or on the Court's docket.

16. As soon as reasonably practicable after the completion of the Auction, the Debtors shall file a final form of order approving the Sale Transaction(s) as agreed upon between the Debtors (in consultation with the Consulting Parties) and the Successful Bidder(s).

17. Bid Protections. In accordance with the Bidding Procedures, the Debtors may enter into a definitive agreement with any Qualified Bidder to designate such Qualified Bidder as a Stalking Horse Bidder, subject to higher or otherwise better offers at the Auction. Pursuant to sections 105, 363, 364, 503, and 507 of the Bankruptcy Code, the Debtors are authorized to offer and pay the Break-Up Fee and Expense Reimbursement to a Stalking Horse Bidder (if any) in accordance with the terms and conditions set forth in the Bidding Procedures and a definitive agreement reached between the Debtors and such Stalking Horse Bidder consistent therewith; *provided* that (a) the amount of such Bid Protections shall not exceed, in the aggregate, three percent of the proposed purchase price for the Bid Assets (or lot thereof) set forth in such Stalking Horse Bid *plus* an amount up to \$1,000,000 for reasonable and documented fees and expenses and (b) the approval of such Bid Protections shall be subject to the entry of a Stalking Horse Order and the Sale Order.

18. If the Debtors exercise their business judgment and determine (in consultation with the Consulting Parties) to enter into a definitive agreement with a Stalking Horse Bidder providing for Bid Protections in accordance with the terms and conditions set forth in the Bidding Procedures, the Debtors shall file a motion with the Court (the "**Stalking Horse**

Motion”), with no less than five calendar days’ notice of the objection deadline (the “**Stalking Horse Objection Deadline**”) to the U.S. Trustee, the DIP Secured Parties, each of the Prepetition Agents, Holdings, counsel to any official committee appointed in the Chapter 11 Cases, and those parties who have filed the appropriate notice pursuant to Bankruptcy Rule 2002 requesting notice of all pleadings filed in the Chapter 11 Cases, seeking entry of an order (the “**Stalking Horse Order**”) granting final approval of such Bid Protections to such Stalking Horse Bidder. If no party in interest objects to the Stalking Horse Motion prior to the Stalking Horse Objection Deadline, then the Debtors may file with the Court the proposed Stalking Horse Order under certification of counsel. The Court may schedule an expedited hearing to consider the relief sought in the Stalking Horse Motion.

19. If the Court enters a Stalking Horse Order, the Debtors shall promptly serve it on each Potential Bidder. Further, until paid, any Break-Up Fee or Expense Reimbursement provided pursuant to the Stalking Horse Order shall constitute allowed superpriority administrative expense claims arising in the Chapter 11 Cases under sections 503(b), 507(a)(2), and 507(b) of the Bankruptcy Code; *provided, however*, that such superpriority claims shall be subject to the Carve-Out (as defined in the DIP Order) and the Wind-Down Budget (as defined below), and shall in no circumstance be *pari passu* or senior to the claims granted to the DIP Secured Parties or the Prepetition Secured Parties.

20. To ensure the funding of the Chapter 11 cases, each bid (including a credit bid) shall be subject to (a) the Debtors having sufficient cash at the consummation of any sale of Bid Assets to satisfy the reasonable wind-down budget negotiated in good faith (the “**Wind-Down Budget**”) to pay all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to wind-down the Debtors’ estates in a

reasonable and appropriate timeline, and (b) the requirement that the net proceeds of any sale pursuant to the Bidding Procedures shall first satisfy the Wind-Down Budget before repayment from such proceeds of any DIP Obligations, Adequate Protection Obligations, 507(b) Claims, Prepetition Secured Debt, or any other claims against the Debtors. At the closing of each Sale Transaction for Bid Assets, the Debtors shall deposit the sale proceeds from such Sale Transaction into a segregated account held by the Debtors pending the ultimate resolution (either by agreement or Court determination) and funding of the appropriate amount of the Wind-Down Budget; *provided, however*, that the Debtors shall be authorized to use a portion of such sale proceeds to pay, in accordance with the Approved Budget (as defined in the DIP Credit Agreement), all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to administer the Debtors' estates accrued through the closing of the final Sale Transaction in an amount either (y) agreed to by the Required Lenders and the Debtors or (z) as otherwise determined by the Court. The Debtors shall not distribute any proceeds of any Sale Transaction prior to the funding of the Wind-Down Budget.

21. Assumption and Assignment Procedures. The assumption and assignment procedures set forth in the Motion, to the extent modified herein (the “**Assumption and Assignment Procedures**”), are hereby approved.

22. As soon as reasonably practicable following entry of this Order, the Debtors shall file with the Court, and cause to be published on the Case Information Website, the Potential Assumption and Assignment Notice and a list of the Potential Assumed Contracts (the “**Potential Assumed Contracts Schedule**”) that specifies (a) each of the Contracts and Leases that potentially could be assumed and assigned in connection with the sale of the Bid Assets,

including the name of each Counterparty and (b) the proposed outstanding Cure Cost as of the Petition Date with respect to each Potential Assumed Contract.

23. Potential Assumption and Assignment Notice. The Debtors shall, as soon as reasonably practicable after entry of this Order (but in any event, so as to provide sufficient notice such that any required responses from any Counterparties are due prior to the scheduled date of the Auction as specified in the Bidding Procedures), serve on each relevant Counterparty the Potential Assumption and Assignment Notice, which shall (a) identify the Potential Assumed Contracts, (b) list the Debtors' outstanding Cure Costs calculated in good faith as of the Petition Date with respect to the Potential Assumed Contracts identified on the Potential Assumption and Assignment Notice, (c) expressly state that assumption or assignment of an Assumed Contract or Assumed Lease is not guaranteed and is subject to Court approval, (d) prominently display the deadline to file an Assumption and Assignment Objection (as defined below), and (e) prominently display the date, time, and location of the Sale Hearing. The Debtors shall serve on all parties requesting notice pursuant to Bankruptcy Rule 2002, via first class mail, a modified version of the Potential Assumption and Assignment Notice, without the Potential Assumed Contracts Schedule, which will include instructions regarding how to view the Potential Assumed Contracts Schedule on the Case Information Website.

24. Proposed Assumption and Assignment Notice. The Debtors shall, in conjunction with the filing of the Notice of Auction Results, file and serve on each relevant Counterparty the Proposed Assumption and Assignment Notice, which shall (a) identify the Proposed Assumed Contracts, (b) expressly state that assumption or assignment of an Assumed Contract or Assumed Lease is not guaranteed and is subject to Court approval, (c) prominently display the deadline to file an Assumption and Assignment Objection, and (d) prominently display the date, time, and

location of the Sale Hearing. The Debtors shall serve on all parties requesting notice pursuant to Bankruptcy Rule 2002, via first class mail, a modified version of the Proposed Assumption and Assignment Notice, without the schedule of Proposed Assumed Contracts (the “**Proposed Assumed Contracts Schedule**”), which will include instructions regarding how to view the Proposed Assumed Contracts Schedule on the Case Information Website.

25. Objection Deadlines. Any Counterparty may object to the potential or proposed assumption or assignment of its Assumed Contract or Assumed Lease, the Debtors’ proposed Cure Costs, if any, or the ability of a Successful Bidder to provide adequate assurance of future performance (an “**Assumption and Assignment Objection**”). All Assumption and Assignment Objections must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Costs the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, (d) (1) for objections relating to proposed Cure Costs, be filed with the Court no later than **July 11, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Cure Objection Deadline**”) and (2) for all other objections, **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Assumption and Assignment Objection Deadline**”), and (e) be served on the Objection Notice Parties.

26. Resolution of Assumption and Assignment Objections. If a Counterparty files a timely Assumption and Assignment Objection, such objection shall be heard at the Sale Hearing or such later date that the Debtors, in consultation with the Successful Bidder, shall determine in their discretion (subject to the Court’s calendar). If such objection has not been resolved prior to the closing of the Sale Transaction (whether by an order of the Court or by agreement with the Counterparty), the Successful Bidder(s) may elect, in their sole and absolute discretion, one of

the following options: (a) treat such Counterparty's contract or lease as property excluded from the Bid Assets (an "**Excluded Contract**" or "**Excluded Lease**", respectively); or (b) temporarily treat the Proposed Assumed Contract as an Excluded Contract or Excluded Lease, as applicable (a "**Designated Agreement**"), proceed to the closing of the Sale Transaction with respect to all other Bid Assets, and determine whether to treat the Designated Agreement as an Assumed Contract or Assumed Lease, as applicable, or an Excluded Contract or Excluded Lease, as applicable, within ten business days after resolution of such objection (whether by the Court's order or by agreement of the Counterparty, the Debtors, and the Successful Bidder).

27. Failure To File Timely Assumption and Assignment Objection. If a Counterparty fails to file with the Court and serve on the Assumption and Assignment Objection Notice Parties a timely Assumption and Assignment Objection, the Counterparty shall be forever barred from asserting any such objection with regard to the assumption or assignment of its Assumed Contract or Assumed Lease. Notwithstanding anything to the contrary in the Assumed Contract or Assumed Lease, or any other document, the Cure Costs set forth in the Potential Assumption and Assignment Notice or the Supplemental Assumption and Assignment Notice (as defined below) shall be controlling and will be the only amount necessary to cure outstanding defaults under the applicable Assumed Contract or Assumed Lease under section 365(b) of the Bankruptcy Code as of the Petition Date, whether known or unknown, due or to become due, accrued, absolute, contingent, or otherwise, and the Counterparty shall be forever barred from asserting any additional cure or other amounts with respect to such Assumed Contract or Assumed Lease against the Debtors, the Successful Bidder, or the property of any of them.

28. Modification of Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule. In addition to a Successful Bidder's rights described above with respect to

an Assumption and Assignment Objection, at or prior to the closing of the Sale Transaction, a Successful Bidder may elect, in its sole and absolute discretion, to (a) exclude any contract or lease on the Potential Assumed Contracts Schedule as an Assumed Contract or Assumed Lease, as applicable (in which case it shall become an Excluded Contract or Excluded Lease, as applicable), or (b) include on the Proposed Assumed Contracts Schedule any contract or lease listed on the Potential Assumed Contracts Schedule, by providing to the Debtors written notice of its election to exclude or include such contract or lease, as applicable.

29. If the Debtors or any Successful Bidder identify during the pendency of the Chapter 11 Cases (before or after the closing of the Sale Transaction) any contract or lease that is not listed on the Proposed Assumed Contracts Schedule, and such contract or lease has not been rejected by the Debtors, the Successful Bidder may in its sole and absolute discretion elect by written notice to the Debtors to treat such contract or lease as an Assumed Contract or Assumed Lease, as applicable, and the Debtors shall seek to add such Assumed Contract or Assumed Lease to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule, as applicable, in accordance with Paragraph 31.

30. Following the conclusion of the Auction, if any, and the selection of the Successful Bidder(s), the Debtors reserve the right, but only in accordance with the applicable Asset Purchase Agreement, or as otherwise agreed by the Debtors and the Successful Bidder(s), at any time before the closing of the Sale Transaction, to modify the previously-stated Cure Costs associated with any Proposed Assumed Contract.

31. In the event that any contract or lease is added to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule or previously-stated Cure Costs are modified, in accordance with the applicable Asset Purchase Agreement, or the procedures set forth in this

Motion, the Debtors will promptly serve a supplemental assumption and assignment notice, by first class mail, on the applicable Counterparty (each, a “**Supplemental Assumption and Assignment Notice**”). Each Supplemental Assumption and Assignment Notice will include the same information with respect to the applicable Assumed Contract or Assumed Lease as is required to be included in the Potential Assumption and Assignment Notice.

32. Any Counterparty listed on a Supplemental Assumption and Assignment Notice whose contract or lease is proposed to be assumed and assigned may object to the proposed assumption or assignment of its Assumed Contract or Assumed Lease, the Debtors’ proposed Cure Costs (to the extent modified from the previously-stated amount), or the ability of a Successful Bidder to provide adequate assurance of future performance (a “**Supplemental Assumption and Assignment Objection**”). All Supplemental Assumption and Assignment Objections must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Costs the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, and (d) no later than **14 days from the date of service of such Supplemental Assumption and Assignment Notice**, (i) be filed with the Court and (ii) be served on the Assumption and Assignment Objection Notice Parties. Each Supplemental Assumption and Assignment Objection, if any, shall be resolved in the same manner as an Assumption and Assignment Objection.

33. Reservation of Rights. The inclusion of an Assumed Contract, Assumed Lease, or Cure Costs with respect thereto on a Potential Assumption and Assignment Notice, a Proposed Assumption and Assignment Notice, the Potential Assumed Contracts Schedule, the Proposed Assumed Contracts Schedule, or a Supplemental Assumption and Assignment Notice

shall not constitute or be deemed a determination or admission by the Debtors, the Successful Bidder(s), or any other party in interest that such contract or lease is an executory contract or unexpired lease within the meaning of the Bankruptcy Code. The Debtors reserve all of their rights, claims, and causes of action with respect to each Assumed Contract and Assumed Lease listed on a Potential Assumption and Assignment Notice, Proposed Assumption and Assignment Notice, Supplemental Assumption and Assignment Notice, the Potential Assumed Contracts Schedule, and the Proposed Assumed Contracts Schedule. The Debtors' inclusion of any Assumed Contract or Assumed Lease on the Potential Assumption and Assignment Notice, Proposed Assumption and Assignment Notice, Supplemental Assumption and Assignment Notice, Potential Assumed Contracts Schedule, and/or Proposed Assumed Contracts Schedule shall not be a guarantee that such Assumed Contract or Assumed Lease ultimately will be assumed or assumed and assigned.

34. Notwithstanding anything in this Order to the contrary, unless Cigna (as defined in the *Objection of Cigna Entities to Motion of Debtors for Entry of Orders (i)(a) Approving Bidding Procedures for Sale of Debtors' Assets, (b) Authorizing the Selection of a Stalking Horse Bidder, (c) Approving Bid Protections, (d) Scheduling Auction for, and Hearing To Approve, Sale of Debtors' Assets, (e) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (f) Approving Assumption and Assignment Procedures, and (g) Granting Related Relief and (ii)(a) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (b) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (c) Granting Related Relief* [D.I. 238] (the “**Cigna Objection**”)) and the Debtors agree otherwise, in the event that any of the Employee Benefit Agreements (as defined in the Cigna Objection) are listed in the Proposed Assumption and

Assignment Notice, or in a Supplemental Assumption and Assignment Notice, filed and served in accordance with the Bidding Procedures, the Debtors shall provide to Cigna, through its counsel of record, (a) as soon as reasonably practicable after the filing of such notice, (i) a copy of the evidence in the Debtors' possession material to the Successful Bidder's ability to comply with section 365 of the Bankruptcy Code, including such information demonstrating the Successful Bidder's ability to perform under the applicable Employee Benefit Agreement(s) and (ii) a good faith estimate as to the number of the Debtors' employees who will become employees of the Successful Bidder and (b) within three business days of filing such notice, written notice of the Debtors' and the Successful Bidder's irrevocable decision as to whether or not the Debtors shall assume and assign to the Successful Bidder the applicable Employee Benefit Agreements as part of the Sale Transaction (to the extent such Sale Transaction closes); *provided, however*, that Cigna shall not assert any Cure Costs other than the outstanding amounts, if any, accrued on and after May 31, 2019, under the applicable Employee Benefit Agreements.

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

36. This Order shall be binding on the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the estates of the Debtors.

37. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(a), 6004(h), 6006(d), or 9014) 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.

38. The requirements of Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

39. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

40. Proper, timely, adequate and sufficient notice of the Motion has been provided in accordance with and satisfaction of 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.

41. To the extent any provisions of this Order shall be inconsistent with the Motion, the terms of this Order shall control.

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

Dated: _____, 2019
Wilmington, Delaware

THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Proposed Bidding Procedures

BIDDING PROCEDURES

The bidding procedures set forth below (these “**Bidding Procedures**”) detail the process by which Southcross Energy Partners, L.P. (“**Southcross**”) and its affiliated debtors (collectively with Southcross, the “**Debtors**”) are authorized by the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) to conduct a sale of all or substantially all of the Debtors’ assets in one or more lots (collectively, the “**Bid Assets**”).¹

Any interested bidder should contact, as soon as practicable:

EVERCORE GROUP L.L.C.²

55 East 52nd Street

New York, NY 10055

Attn.: Robert A. Pacha, Stephen Hannan

Pacha@evercore.com

Hannan@evercore.com

(tel.) +1 (713) 403-2441

(tel.) +1 (212) 857-7423

These Bidding Procedures describe, among other things, (i) the Bid Assets offered for sale, (ii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, (iii) the conduct of the Auction (as defined below), if necessary, (iv) the selection of the Successful Bidder(s) (as defined below), (v) the process for seeking authorization for the selection of a Stalking Horse Bidder and Bid Protections (if any, each as defined below), and (vi) the approval by the Bankruptcy Court of the sale of the Bid Assets to the Successful Bidder(s).

1. PARTICIPATION REQUIREMENTS

(a) Interested Parties

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the bidding process described herein (the “**Bidding Process**”), each interested person or entity (each, an “**Interested Party**”) must deliver the following items (unless previously delivered) to Evercore so as to be received no later than 5:00 p.m. (prevailing Eastern Time) on July 1, 2019:

- i. an executed confidentiality agreement in form and substance satisfactory to the Debtors;

¹ These Bidding Procedures were approved by the Bankruptcy Court on [●], 2019 [D.I. [●]] (the “**Bidding Procedures Order**”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order or the DIP Order (as defined below), as applicable.

² Evercore Group, L.L.C., in its capacity as financial advisor to the Debtors, is referred to herein as “**Evercore**.”

- ii. a statement and other factual support demonstrating, to the Debtors' satisfaction, that the Interested Party has a *bona fide* interest in purchasing some or all of the Bid Assets;
- iii. a description of the nature and extent of any due diligence the Interested Party wishes to conduct and the date in advance of the Bid Deadline (as defined below) by which such due diligence will be completed; and
- iv. sufficient information, as defined by the Debtors, to allow the Debtors to determine that the Interested Party has the financial wherewithal and any required internal corporate, legal, or other authorizations to close a sale transaction pursuant to these Bidding Procedures, including, but not limited to, current audited financial statements of the Interested Party (or such other form of financial disclosure acceptable to the Debtors in their discretion) or, if the Interested Party is an entity formed for the purpose of acquiring some or all of the Bid Assets, (A) current audited financial statements of the equity holder(s) (the "**Sponsor(s)**") of the Interested Party (or such other form of financial disclosure acceptable to the Debtors in their discretion), (B) a written commitment acceptable to the Debtors and their advisors that the Sponsor(s) are responsible for the Interested Party's obligations in connection with the Bidding Process, and (C) copies of any documents evidencing any financing commitments necessary to consummate the transaction.

If the Debtors determine in their discretion (in consultation with the DIP Secured Parties (as defined below), each of the Prepetition Agents (as defined in the DIP Order³), and Southcross Holdings LP (together with its non-Debtor subsidiaries, "**Holdings**")), after receipt of the items identified above, that an Interested Party has a *bona fide* interest in purchasing some or all of the Bid Assets, such Interested Party will be deemed a "**Potential Bidder**" and the Debtors will deliver to such Potential Bidder access to the Debtors' confidential electronic data room concerning the Bid Assets (the "**Data Room**"), which shall include a form of Sale Order (as defined below).

(b) Due Diligence

Until the Bid Deadline, in addition to granting access to the Data Room, the Debtors will provide Potential Bidders with due diligence access and additional information, as may be requested by a Potential Bidder, to the extent that the Debtors determine, in their sole discretion, that such requests are reasonable and appropriate under the circumstances. All due diligence

³ See Final Order, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364, 503, 506, and 507, (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Post-Petition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief [D.I. 200] (the "**DIP Order**").

requests shall be directed to Evercore. The Debtors, with the assistance of Evercore, will coordinate all reasonable requests for additional information and due diligence access from Potential Bidders.

Unless otherwise determined by the Debtors, the availability of due diligence to a Potential Bidder will cease if (i) the Potential Bidder does not become a Qualified Bidder or (ii) the Bidding Process is terminated in accordance with its terms.

2. QUALIFIED BIDS

Each offer, solicitation, or proposal by a Potential Bidder must satisfy each of the following conditions in order for such offer, solicitation, or proposal to be deemed a “**Qualified Bid**” and for such Potential Bidder to be deemed a “**Qualified Bidder**,” unless any such conditions that are not satisfied are waived by the Debtors in their discretion (in consultation with the DIP Secured Parties, each of the Prepetition Agents, and Holdings (collectively, the “**Consulting Parties**”)):

(a) Bid Deadline

A Potential Bidder who desires to be deemed a Qualified Bidder must deliver to Evercore, with copies to 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), the Required Bid Documents (as defined below) so as to be received no later than 6:00 p.m. (prevailing Eastern Time) on July 24, 2019 (the “**Bid Deadline**”). The Debtors, with the consent of the Required Lenders (unless otherwise specified, as defined in that Senior Secured Superpriority Priming Debtor-in-Possession Credit Agreement, dated as of April 3, 2019 (the “**DIP Credit Agreement**”)) and with notice to each of the Prepetition Agents, the DIP Agent (as defined in the DIP Order), and Holdings, but without the need for further Bankruptcy Court approval, may extend the Bid Deadline by a reasonable period of time if the Debtors and the Required Lenders believe that such extension would further the goal of attaining the highest or otherwise best offer for the Debtors’ assets. If the Debtors extend the Bid Deadline, the Debtors will promptly notify all Potential Bidders of such extension.

(b) Bid Requirements

All bids must include the following items (collectively, the “**Required Bid Documents**”):

- a letter stating that the bidder’s offer is irrevocable until consummation of a transaction involving the Bid Assets (or lot thereof) identified in such offer;
- a duly authorized and executed purchase agreement satisfactory to the Debtors, based on the form purchase agreement provided by Evercore, marked to show any revisions, including, among other things, the purchase price for the Bid Assets (or lot thereof, as applicable), together with all exhibits and schedules, including, among

other things, a proposed form of order approving the transaction(s) contemplated in such purchase agreement (such executed purchase agreement, an “**Asset Purchase Agreement**”);

- written evidence acceptable to the Debtors in their discretion (in consultation with the Consulting Parties) demonstrating financial wherewithal, operational ability, and corporate authorization to consummate the proposed transaction; and
- written evidence of a firm commitment for financing to consummate the proposed transaction, or other evidence of ability to consummate the proposed transaction without financing, in either case which is satisfactory to the Debtors in their discretion (in consultation with the Consulting Parties).

A bid will be considered only if the bid:

- identifies the legal name of the purchaser (including any Sponsor(s), if the purchaser is an entity formed for the purpose of consummating the proposed transaction);
- identifies the Bid Assets (or lot thereof) to be purchased and the contracts and leases to be assumed;
- identifies the liabilities of the Debtors or the Bid Assets to be assumed;
- sets forth the consideration for the Bid Assets (or lot thereof) to be purchased and the Contracts and Leases to be assumed; *provided, however*, that, upon entry of a Stalking Horse Order (as defined below), the consideration must be at least equal to the following: (i) the consideration set forth in the Stalking Horse Bid; *plus* (ii) the aggregate amount of any Bid Protections set forth in the Stalking Horse Order; *plus* (iii) \$1,000,000 or such other amount approved in a Stalking Horse Order for such Bid Assets (the “**Minimum Overbid**”);
- is not conditioned on (i) obtaining financing or (ii) the outcome of unperformed due diligence;
- includes a description of all governmental, licensing, regulatory, or other approvals or consents that are required to consummate the proposed transaction (including any

antitrust approval related to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended), together with evidence satisfactory to the Debtors of the ability to obtain such approvals or consents in a timely manner, as well as a description of any material contingencies or other conditions that will be imposed upon, or that will otherwise apply to, the obtainment or effectiveness of any such approvals or consents;

- is accompanied by a cash deposit by wire transfer to an escrow agent selected by the Debtors (the “**Deposit Agent**”) in an amount equal to ten percent of the consideration set forth in connection with such bid (any such deposit, a “**Good Faith Deposit**”);
- sets forth the representatives that are authorized to appear and act on behalf of the bidder in connection with the proposed transaction;
- indicates that the bidder will not seek any transaction or break-up fee, expense reimbursement, or similar type of payment (other than if such bid is selected to be a Stalking Horse Bid and subject to the provisions of Section 5 below);
- includes evidence of the bidder’s ability to comply with section 365 of the Bankruptcy Code (to the extent applicable), including providing adequate assurance of such bidder’s ability to perform in the future the contracts and leases proposed in its bid to be assumed by the Debtors and assigned to the bidder, in a form that will permit the Debtors to disseminate immediately such evidence to the non-Debtor counterparties to such contracts and leases; and
- is received on or before the Bid Deadline (as such deadline may be extended in accordance with these Bidding Procedures).

A bid received from a Potential Bidder will constitute a Qualified Bid only if it includes all of the Required Bid Documents and meets all of the above requirements (other than a credit bid described in Section 3 below). The Debtors shall have the right to deem a bid a Qualified Bid even if such bid does not conform to one or more of the requirements above or does not include one or more Required Bid Documents. If the Debtors receive a bid prior to the Bid Deadline that is not a Qualified Bid, the Debtors may provide the bidder with the opportunity to remedy any deficiencies following the Bid Deadline. If any bid is determined by the Debtors not to be a Qualified Bid, and the applicable bidder fails to remedy such bid in accordance with these

Bidding Procedures, the Debtors shall promptly instruct the Deposit Agent to return such bidder's Good Faith Deposit.

All Qualified Bids will be considered by the Debtors; bids other than Qualified Bids will not be considered. Notwithstanding any other provision of these Bidding Procedures, the Debtors may in their discretion (in consultation with the Consulting Parties) evaluate bids on any grounds, including, but not limited to, (i) the amount of the purchase price, including non-cash consideration, set forth in the bid, (ii) the value to be provided to the Debtors under the bid, including the net economic effect upon the Debtors' estates (including, without limitation, the ability to fund the Wind-Down Budget (as defined below)), (iii) any benefit to the Debtors' estates from any assumption of liabilities or waiver of liabilities, including the release or replacement of letters of credit, (iv) the transaction structure and execution risk, including conditions to and certainty of closing, termination provisions, availability of financing and financial wherewithal to meet all commitments, and required governmental or other approvals, (v) the anticipated timing to closing and whether such timing is consistent with the Debtors' adherence to the Approved Budget (as defined in the DIP Credit Agreement), (vi) the impact on employees and employee claims against the Debtors, (vii) the presence of any governmental, licensing, regulatory, or other approvals or consents in a bid, and the anticipated timing or likelihood of obtaining such approvals or consents, (viii) the impact on trade and other creditors, and (ix) any other factors the Debtors may reasonably deem relevant consistent with their fiduciary duties. For the avoidance of doubt, the presence of any governmental, licensing, regulatory, or other approvals or consents in a bid, and the anticipated timing or likelihood of obtaining such approvals or consents, may be grounds for the Debtors in their discretion (in consultation with the Consulting Parties) to determine that such bid (i) is not a Qualified Bid or (ii) is not higher or otherwise better than any other Qualified Bid.

By submission of its bid, each Qualified Bidder shall be deemed to acknowledge and represent that it (i) has had an opportunity to conduct any and all due diligence regarding the Bid Assets that are the subject of the Auction prior to making any such bids, (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the assets in making its bid, and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guarantees whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Bid Assets (or lots thereof), or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures or, as to the Successful Bidder(s), the Asset Purchase Agreement(s) with such Successful Bidder(s). Without the written consent of the Debtors (in consultation with the Consulting Parties) a Qualified Bidder may not amend, modify, or withdraw its Qualified Bid, except for proposed amendments to increase the amount or otherwise improve the terms of its Qualified Bid, during the period that such Qualified Bid is required to remain irrevocable. Notwithstanding any consultation or consent rights set forth herein, in the Bidding Procedures Order, in the DIP Order, or otherwise, no Qualified Bidder that submits a Qualified Bid shall be entitled to consultation rights with respect to the Bid Assets subject to such Qualified Bid.

3. CREDIT BID

Pursuant to section 363(k) of the Bankruptcy Code and subject to the terms and conditions set forth in the DIP Order (a) the DIP Agent, on behalf of the DIP Secured Parties (as

defined in the DIP Order), but solely at the prior written direction of the Required Lenders, shall have the right to credit bid up to the full amount of the DIP Obligations in any bulk or piecemeal sale of all, or any portion of, the Bid Assets constituting DIP Collateral, and (b) (i) the Prepetition Term Agent (as defined in the DIP Order), on behalf of the Prepetition Secured Parties (as defined in the DIP Order), but solely at the prior written direction of the Required Lenders (as defined in the Prepetition Term Loan Credit Agreement (as defined in the DIP Order)), and (ii) the Prepetition Revolving Agent, on behalf of and as directed by the Prepetition Revolving Secured Parties (as defined in the DIP Order), in each case, shall have the right to credit bid, subject to the Intercreditor Agreement (as defined in the DIP Order), up to the full amount of the applicable Prepetition Secured Debt (as defined in the DIP Order) in any bulk or piecemeal sale of all, or any portion of, the Bid Assets constituting Prepetition Collateral (as defined in the DIP Order). If the DIP Agent and/or any of the Prepetition Agents, as applicable, submit a credit bid in accordance with the foregoing, and such bid is received by the Bid Deadline, such bidder shall be deemed to be a Qualified Bidder and any such credit bid shall be deemed to be a Qualified Bid.

4. WIND-DOWN BUDGET

Notwithstanding anything contained in these Bidding Procedures, any bid (including a credit bid) shall be subject to (a) the Debtors having sufficient cash at the consummation of any sale of Bid Assets to satisfy the reasonable wind-down budget negotiated in good faith (the “**Wind-Down Budget**”) to pay all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to wind-down the Debtors’ estates in a reasonable and appropriate timeline, and (b) the requirement that the net proceeds of any sale pursuant to these Bidding Procedures shall first satisfy the Wind-Down Budget before repayment from such proceeds of any DIP Obligations, Adequate Protection Obligations, 507(b) Claims, Prepetition Secured Debt, or any other claims against the Debtors. At the closing of each Sale Transaction for Bid Assets, the Debtors shall deposit the sale proceeds from such Sale Transaction into a segregated account held by the Debtors pending the ultimate resolution (either by agreement or Court determination) and funding of the appropriate amount of the Wind-Down Budget; *provided, however*, that the Debtors shall be authorized to use a portion of such sale proceeds to pay, in accordance with the Approved Budget (as defined in the DIP Credit Agreement), all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to administer the Debtors’ estates accrued through the closing of the final Sale Transaction in an amount either (y) agreed to by the Required Lenders and the Debtors or (z) as otherwise determined by the Bankruptcy Court. The Debtors shall not distribute any proceeds of any Sale Transaction prior to the funding of the Wind-Down Budget.

5. STALKING HORSE BIDDER AND BID PROTECTIONS

The Debtors are authorized, but not obligated, to exercise their business judgment (in consultation with the Consulting Parties) to agree with any Qualified Bidder that (a) such Qualified Bidder’s Qualified Bid shall serve as the minimum bid for the Bid Assets or any lot thereof (such Qualified Bidder, a “**Stalking Horse Bidder**” and, such Qualified Bid, a “**Stalking Horse Bid**”) and (b) the Debtors will enter into the transaction(s) contemplated in such Stalking Horse Bid unless a higher or otherwise better Qualified Bid is submitted with respect to such Bid

Assets or lot thereof, as determined by the Debtors (in consultation with the Consulting Parties) in accordance with the Bidding Procedures. In order to incentivize prospective purchasers to agree to become a Stalking Horse Bidder, the Debtors are authorized, but not obligated, to exercise their business judgment (in consultation with the Consulting Parties) to offer the following bid protections to such Stalking Horse Bidder(s), payable if the Debtors consummate a sale pursuant to a Qualified Bid other than the Stalking Horse Bid (if the assets subject to such sale include those to which such Stalking Horse Bid relates): (a) payment of a break-up fee in an amount not to exceed three percent of the purchase price set forth in the Stalking Horse Bid (the **“Break-Up Fee”**) and (b) reimbursement of the reasonable and documented fees and expenses of the Stalking Horse Bidder (the **“Expense Reimbursement”** and, together with the Break-Up Fee, the **“Bid Protections”**) in an amount up to \$1,000,000; *provided, however*, that (i) the payment of such Break-Up Fee and/or Expense Reimbursement shall be subject to the terms and conditions of the definitive agreement(s) executed between the Debtors and such Stalking Horse Bidder(s), (ii) any Break-Up Fee or Expense Reimbursement shall be subject to, and will not be binding on the Debtors until, entry of the Stalking Horse Order and the Sale Order, and (iii) no Break-Up Fee shall be paid to a credit bidder or insider of the Debtors. For the avoidance of doubt, the Debtors will provide Expense Reimbursement only to the Stalking Horse Bidder(s) and such expenses must be reasonable, documented, and subject to review by the Debtors. To the extent payable, any Bid Protections would be paid out of the proceeds of the sale to which they relate.

The Debtors are authorized to exercise their business judgment (in consultation with the Consulting Parties) to enter into a definitive agreement with a Stalking Horse Bidder providing for Bid Protections in accordance with the terms and conditions set forth herein; *provided* that the Debtors shall file a motion with the Bankruptcy Court (the **“Stalking Horse Motion”**), with no less than five calendar days’ notice of the objection deadline (the **“Stalking Horse Objection Deadline”**) to the U.S. Trustee, the DIP Secured Parties, each of the Prepetition Agents, Holdings, counsel to any official committee appointed in the Chapter 11 Cases, and those parties who have filed the appropriate notice pursuant to Bankruptcy Rule 2002 requesting notice of all pleadings filed in the Chapter 11 Cases, seeking entry of an order (the **“Stalking Horse Order”**) granting final approval of such Bid Protections to such Stalking Horse Bidder. If no party in interest objects to the Stalking Horse Motion prior to the Stalking Horse Objection Deadline, then the Debtors may file with the Bankruptcy Court the proposed Stalking Horse Order under certification of counsel. The Bankruptcy Court may schedule an expedited hearing to consider the relief sought in the Stalking Horse Motion.

If the Bankruptcy Court enters a Stalking Horse Order, the Debtors shall promptly serve it on each Potential Bidder. Further, until paid, any Break-Up Fee or Expense Reimbursement provided pursuant to the Stalking Horse Order shall constitute allowed superpriority administrative expense claims arising in the Chapter 11 Cases under sections 503(b), 507(a)(2), and 507(b) of the Bankruptcy Code; *provided, however*, that such superpriority claims shall be subject to the Carve-Out (as defined in the DIP Order) and the Wind-Down Budget, and shall in no circumstance be *pari passu* or senior to the claims granted to the DIP Secured Parties or the Prepetition Secured Parties.

6. **AUCTION**

In the event that the Debtors timely receive more than one Qualified Bid, the Debtors shall conduct an auction (the “**Auction**”) for the Bid Assets. The Auction shall be in accordance with these Bidding Procedures and upon notice to all Qualified Bidders that have submitted Qualified Bids. The Auction shall be conducted at the offices of Davis Polk & Wardwell LLP, 450 Lexington Ave., New York, New York 10017 on September 3, 2019 at 10:00 a.m. (prevailing Eastern Time) or such later time on such day or such other place as the Debtors shall notify all Participating Parties (as defined below). If (a) no Qualified Bids are submitted by the Bid Deadline other than a Stalking Horse Bid, (b) only one Qualified Bid that is not a Stalking Horse Bid is submitted by the Bid Deadline, or (c) only one or more Partial Bids (as defined below) are submitted by the Bid Deadline for non-overlapping lots of the Bid Assets, the Debtors may in their discretion (in consultation with the Consulting Parties) elect to cancel the Auction, seek approval of the transactions contemplated in the Stalking Horse Bid, the Qualified Bid which is not a Stalking Horse Bid, or the transactions in respect of the such Partial Bids at the Sale Hearing (as defined below).

If any of the Qualified Bids submitted by the Bid Deadline are structured as a purchase of less than all or substantially all of the Debtors’ assets (each such bid, a “**Partial Bid**”), the Debtors may conduct separate auctions at the Auction for each lot of assets (each, an “**Auction Lot**”) subject to a Partial Bid. The Debtors may designate each Auction Lot at any time prior to the Auction.

Only representatives or agents of the Debtors, the DIP Secured Parties, the Prepetition Secured Parties, Holdings, and the Qualified Bidders (and the legal and financial advisors to each of the foregoing) (collectively, the “**Participating Parties**”) will be entitled to attend the Auction, and only Qualified Bidders will be entitled to make any Subsequent Bids (as defined below) at the Auction. Each Qualified Bidder participating in the Auction must confirm that it (a) has not engaged in any collusion with respect to the bidding or the sale of any of the Bid Assets as described herein, (b) has reviewed, understands, and accepts these Bidding Procedures, (c) has consented to the jurisdiction of the Bankruptcy Court, and (d) intends to consummate its Qualified Bid if it is selected as the Successful Bid.

At least one day prior to the Auction, the Debtors will (a) notify each Qualified Bidder that has timely submitted a Qualified Bid that its bid is a Qualified Bid and (b) provide all Qualified Bidders with (i) copies of the Qualified Bid or combination of Qualified Bids that the Debtors believe is the highest or otherwise best offer (the “**Starting Bid**”), (ii) an explanation of how the Debtors value the Starting Bid, and (iii) a list identifying all of the Qualified Bidders and their respective Qualified Bids.

The Debtors may (in consultation with the Consulting Parties) employ and announce at the Auction additional procedural rules for conducting the Auction (*e.g.*, the amount of time allotted to submit Subsequent Bids), *provided, however*, that such rules shall (a) not be inconsistent with the Bankruptcy Code, the Bidding Procedures Order, or any other order of the Bankruptcy Court entered in connection herewith and (b) be disclosed to all Qualified Bidders.

Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding in the presence of all parties at the Auction, so long as during each round at least one subsequent bid (a “**Subsequent Bid**”) is submitted by a Qualified Bidder that (a) improves upon such Qualified Bidder’s immediately prior Qualified Bid and (b) the Debtors determine in their discretion (in consultation with the Consulting Parties) that such Subsequent Bid is (i) with respect to the first round, a higher or otherwise better offer than the Starting Bid and (ii) with respect to subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below), in each case taking into account other Qualified Bids for other Bid Assets; *provided, however*, that with respect to the first round, if a Stalking Horse Bidder has been authorized pursuant to a Stalking Horse Order, any Qualified Bid must provide consideration at least equal to the Minimum Overbid. Notwithstanding anything else provided in the Motion, the Bidding Procedures Order, or herein, the Debtors in their discretion (in consultation with the Consulting Parties) may determine appropriate minimum bid increments or requirements for each round of bidding.

After the first round of bidding and between each subsequent round of bidding, as applicable, the Debtors will determine in their discretion (in consultation with the Consulting Parties) and announce the bid or bids that they believe to be the highest or otherwise best offer or combination of offers (the “**Leading Bid**”). Additional consideration in excess of the amount set forth in the Starting Bid may include cash and/or non-cash consideration; *provided, however*, that the value for such non-cash consideration shall be determined by the Debtors in their discretion (in consultation with the Consulting Parties).

A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge and written confirmation of the Leading Bid.

For the purpose of evaluating Subsequent Bids, the Debtors may require a Qualified Bidder submitting a Subsequent Bid to submit, as part of its Subsequent Bid, additional evidence (in the form of financial disclosure or credit-quality support information or enhancement acceptable to the Debtors in their discretion (in consultation with the Consulting Parties) demonstrating such Qualified Bidder’s ability to close the proposed transaction.

The Debtors shall maintain a transcript of all bids made and announced at the Auction, including the Starting Bid(s), all Subsequent Bid(s), the Leading Bid(s), the Alternative Bid(s) (as defined below), and the Successful Bid(s).

If a Qualified Bidder increases its bid at the Auction and is the Successful Bidder or Alternate Bidder (as defined below), such bidder must increase its Good Faith Deposit to an amount equal to ten percent of the proposed purchase price submitted at the Auction within two days after the Auction.

7. SELECTION OF SUCCESSFUL BID(S) AND ALTERNATE BID(S)

Prior to the conclusion of the Auction, the Debtors shall (in consultation with the Consulting Parties) (a) review and evaluate each bid made at the Auction on the basis of financial and contractual terms and other factors relevant to the sale process, including those

factors affecting the speed and certainty of consummating the sale transaction, (b) determine and identify the highest or otherwise best offer or collection of offers (the “**Successful Bid(s)**”), (c) determine and identify the next highest or otherwise best offer or collection of offers (the “**Alternate Bid(s)**”), and (d) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of (i) the identity of the party or parties that submitted the Successful Bid(s) (the “**Successful Bidder(s)**”), (ii) the amount and other material terms of the Successful Bid(s), (iii) the identity of the party or parties that submitted the Alternate Bid(s) (the “**Alternate Bidder(s)**”), and (iv) the amount and other material terms of the Alternate Bid(s). Each Qualified Bidder shall agree and be deemed to agree to be the Alternate Bidder if so designated. Notwithstanding anything in the Bidding Procedures to the contrary, any Qualified Bid submitted by the DIP Agent or the Prepetition Term Agent shall not be required to serve as an Alternate Bid absent consent of the DIP Agent or Prepetition Term Agent (as applicable). As soon as reasonably practicable after the completion of the Auction, the Successful Bidder(s) and the applicable Debtors shall complete and execute all agreements, instruments, and other documents necessary to consummate the applicable sale or other transaction(s) contemplated by the applicable Successful Bid(s). Promptly following the selection of the Successful Bid(s) and Alternate Bid(s), the Debtors shall file a notice of the Successful Bid(s) and Alternate Bid(s) with the Bankruptcy Court, together with a proposed order approving the transaction(s) contemplated therein (the “**Sale Order**”).

8. THE SALE HEARING

The hearing to consider the proposed Sale Order (the “**Sale Hearing**”) will be held on September 18, 2019 at 10:30 a.m. (prevailing Eastern time) before the Honorable Judge Mary F. Walrath, in the United States Bankruptcy Court for the District of Delaware, 824 N. Market St., Wilmington, Delaware 19801. The Sale Hearing may be adjourned by the Debtors (with the consent of the Required Lenders) by an announcement of the adjourned date at a hearing before the Bankruptcy Court or by filing a notice on the Bankruptcy Court’s docket. At the Sale Hearing, the Debtors will seek the Bankruptcy Court’s approval of the Successful Bid(s) and, at the Debtors’ election (in consultation with the Consulting Parties), the Alternate Bid(s).

The Debtors’ presentation to the Bankruptcy Court of the Successful Bid(s) and Alternate Bid(s) will not constitute the Debtors’ acceptance of such bid(s), which acceptance will only occur upon approval of such bid(s) by the Bankruptcy Court. Following the Bankruptcy Court’s entry of the Sale Order, the Debtors and the Successful Bidder(s) shall proceed to consummate the transaction(s) contemplated by the Successful Bid(s). If the Debtors and the Successful Bidder(s) fail to consummate the proposed transaction(s), then the Debtors shall file a notice with the Bankruptcy Court advising of such failure. Upon the filing of such notice with the Bankruptcy Court, the Alternate Bid(s) will be deemed to be the Successful Bid(s) and the Debtors will be authorized, but not directed, to effectuate the transaction(s) with the Alternate Bidder(s) subject to the terms of the Alternate Bid(s) of such Alternate Bidder(s) without further order of the Bankruptcy Court. If the failure to consummate the transaction(s) contemplated by the Successful Bid(s) is the result of a breach by the Successful Bidder(s) (the “**Breaching Bidder(s)**”) of its (their) Asset Purchase Agreement(s), the Debtors reserve the right to seek all available remedies from such Breaching Bidder(s), subject to the terms of the applicable Asset Purchase Agreement.

9. **RETURN OF GOOD FAITH DEPOSIT**

The Good Faith Deposits of all Qualified Bidders will be held in escrow by the Deposit Agent and will not become property of the Debtors' bankruptcy estates unless released from escrow pursuant to terms of the applicable escrow agreement or pursuant to further order of the Bankruptcy Court. The Deposit Agent will retain the Good Faith Deposits of the Successful Bidder(s) and the Alternate Bidder(s) until the consummation of the transaction(s) contemplated by the Successful Bid(s) or the Alternate Bid(s), as applicable, in accordance with Section 7 above, except as otherwise ordered by the Bankruptcy Court. The Good Faith Deposits (and all interest accrued thereon) of the other Qualified Bidders will be returned within four business days after the entry of the Sale Order. At the closing of the transaction contemplated by the Successful Bid(s), the Successful Bidder(s) will receive a credit in the amount of its Good Faith Deposit (plus all interest accrued thereon). All remaining Good Faith Deposits (and all interest accrued thereon) held by the Deposit Agent will be released by the Deposit Agent four business days after the consummation of the transaction(s) contemplated by the Successful Bid(s); provided, however, that the Deposit Agent will retain the Good Faith Deposit of a Breaching Bidder pending a ruling by the Bankruptcy Court as to the amount of damages owed, if any, by such Breaching Bidder to the Debtors.

10. **AS IS, WHERE IS**

The sale of the Bid Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature or description by the Debtors, their agents, or their estates, except as provided in an Asset Purchase Agreement, as approved by the Bankruptcy Court.

11. **FREE AND CLEAR OF ANY AND ALL INTERESTS**

Except as otherwise provided in a Successful Bidder(s)'s Asset Purchase Agreement, all of the Debtors' right, title and interest in and to the Bid Assets subject thereto shall be sold free and clear of any pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon (collectively, the "**Interests**") to the maximum extent permitted by section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Bid Assets with the same validity and priority as such Interests applied against the Bid Assets.

12. **RESERVATION OF RIGHTS OF THE DEBTORS**

Except as otherwise provided in these Bidding Procedures or the Bidding Procedures Order, the Debtors reserve the right in their discretion (in consultation with the Consulting Parties) to:

- determine which Interested Parties are Potential Bidders;
- determine which bidders are Qualified Bidders;
- determine which bids are Qualified Bids;
- determine which Qualified Bid is the Starting Bid;

- determine which Qualified Bid is the highest or otherwise best offer for the Bid Assets and which is the next highest or otherwise best offer;
- reject any bid that the Debtors deem to be (a) inadequate or insufficient, (b) not in conformity with the requirements of these Bidding Procedures or the requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules, or (c) contrary to the best interests of the Debtors and their estates;
- impose additional terms and conditions with respect to all Potential Bidders;
- designate a Stalking Horse Bidder;
- cancel the Auction;
- extend the deadlines set forth herein; and
- modify these Bidding Procedures and implement additional procedural rules that the Debtors determine, in their discretion (in consultation with the Consulting Parties), will better promote the goals of the Bidding Process and discharge the Debtors' fiduciary duties.

Nothing in these Bidding Procedures shall require the Debtors' board of directors to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent that the Debtors' board of directors determines, or based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary duties under applicable law.

13. RESERVATION OF RIGHTS OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality, as set forth in its Limited Objection⁴, reserves its rights as follows:

⁴ See *The Texas Commission on Environmental Quality's Limited Objection to the Debtors' Motion for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related Relief And (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 249] (the "**Limited Objection**").

The Texas Commission on Environmental Quality will object to any sale of these Bid Assets if the proposed order(s) approving the sale(s) does not include language to the effect of the following:

“Nothing in this Order or the Asset Purchase Agreement releases, nullifies, precludes or enjoins the enforcement of any police or regulatory liability to a governmental unit (including, but not limited to, the Texas Commission on Environmental Quality) that any entity would be subject to as the post-sale owner or operator of property after the date of entry of this Order. Nothing in this Order or the Asset Purchase Agreement authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or to adjudicate any defense asserted under this Order.”

14. RELEVANT DATES

June 12, 2019 at 11:30 a.m. (prevailing Eastern Time)	Hearing to consider approval of the Bidding Procedures and entry of the Bidding Procedures Order
June 14, 2019	Target date for the Debtors to file Potential Assumed Contracts Schedule
July 1, 2019 at 5:00 p.m. (prevailing Eastern Time)	Potential Bidder deadline
July 11, 2019 at 4:00 p.m. (prevailing Eastern Time)	Cure Objection Deadline
July 24, 2019 at 6:00 p.m. (prevailing Eastern Time)	Bid Deadline
August 30, 2019	Target date for the Debtors to notify Potential Bidders of their status as Qualified Bidders
September 3, 2019 at 10:00 a.m. (prevailing Eastern Time) or such later time as the Debtors shall notify all Participating Parties	Auction (if necessary) to be held at the offices of Davis Polk & Wardwell LLP (or such other place as the Debtors shall notify all Participating Parties).
September 5, 2019	Target date for the Debtors to file with the Bankruptcy Court the Notice of Auction Results
September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)	Deadline to object to the Sale Transaction to the Successful Bidder; and the Assumption and Assignment Objection Deadline
September 18, 2019 at 10:30 a.m. (prevailing Eastern Time)	Hearing to consider approval of the Sale Transaction(s) and entry of the Sale Order(s)

Exhibit 2

Form of Sale Notice

which establish the key dates and times related to the Sale Transaction and the Auction. All parties interested in bidding should carefully read the Bidding Procedures Order and the Bidding Procedures in their entirety.³

Contact Persons for Parties Interest in Submitting a Bid

The Bidding Procedures set forth the requirements for submitting a Qualified Bid, and any person interested in making an offer to purchase the Bid Assets must comply strictly with the Bidding Procedures. Only Qualified Bids will be considered by the Debtors, in accordance with the Bidding Procedures.

Any interested bidder should contact, as soon as practicable:

EVERCORE GROUP L.L.C.⁴
55 East 52nd Street
New York, NY 10055
Attn.: Robert A. Pacha, Stephen Hannan
Pacha@evercore.com
Hannan@evercore.com
(tel.) +1 (713) 403-2441
(tel.) +1 (212) 857-7423

Obtaining Additional Information

Copies of the Bidding Procedures Motion and the Bidding Procedures Order, as well as all related exhibits (including the Bidding Procedures) and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by email at SouthcrossInfo@kccllc.com.

Important Dates and Deadlines⁵

1. **Potential Bidder Deadline.** The deadline for interested parties to furnish information to Evercore to be considered a Potential Bidder in accordance with the Bidding Procedures is **July 1, 2019 at 5:00 p.m. (prevailing Eastern Time).**
2. **Bid Deadline.** The deadline to submit a Qualified Bid is **July 24, 2019 at 6:00 p.m. (prevailing Eastern Time).**

³ To the extent of any inconsistencies between the Bidding Procedures and the summary descriptions of the Bidding Procedures in this notice, the terms of the Bidding Procedures shall control in all respects.

⁴ Evercore Group L.L.C., in its capacity as financial advisor the Debtors, is referred to herein as "Evercore."

⁵ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

3. **Auction.** In the event that the Debtors timely receive more than one Qualified Bid (whether or not there is a Stalking Horse Bid), and subject to the satisfaction of any further conditions set forth in the Bidding Procedures, the Debtors intend to conduct an Auction for the Bid Assets. The Auction, if one is held, will be conducted at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 on **September 3, 2019 at 10:00 a.m. (prevailing Eastern Time)** or such later time on such day or such other place as the Debtors shall notify all Participating Parties.
4. **Auction and Sale Objections Deadline.** The deadline to file an objection with the Court to the Sale Order, the conduct of the Auction, or the Sale Transaction (including objections relating to the Stalking Horse Bidder(s), if any) (collectively, the “**Sale Objections**”) is **September 10, 2019 at 4:00 pm. (prevailing Eastern Time)** (the “**Sale Objection Deadline**”).
5. **Sale Hearing.** A hearing (the “**Sale Hearing**”) to consider the proposed Sale Transaction will be held before the Court on, **September 18, 2019 at 10:30 a.m. (prevailing Eastern Time)** or such other date as determined by the Court, at 824 North Market Street, Wilmington, Delaware 19801.

Filing Objections

Sale Objections, if any, must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (d) be filed with the Court no later than the Sale Objection Deadline, and (e) no later than the Sale Objection deadline, be served on (1) counsel to the Debtors, (A) 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 (B) 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; (2) 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; (3) counsel to Wilmington Trust, N.A., the administrative agent under Southcross’s prepetition secured term loan facility and post-petition credit facility (A) 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 (B) Duane Morris LLP, 222 Delaware Avenue, Suite 1600, Wilmington, Delaware 19801-1659, Attn: Christopher M. Winter; (4) counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (A) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Joseph G. Minias, Paul V. Shalhoub, and Debra C. McElligott and (B) Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Edmon L. Morton and Matthew B. Lunn; (5) counsel to any official committee appointed in the Chapter 11 Cases; (6) 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 (7) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any party or entity who fails to timely make an objection to the Sale Transaction on or before the Sale Objection Deadline in accordance with the Bidding Procedures Order and this Notice shall be forever barred from asserting any objection to the Sale Transaction, including with respect to the transfer of the assets free and clear of all liens, claims, encumbrances, and other interests.

NO SUCCESSOR LIABILITY

The Debtors provide midstream services to natural gas producers and customers, including natural gas gathering, processing, treatment, and compression and access to natural gas liquid (“NGL”) fractionation and transportation services and also purchase and sell natural gas and NGLs. For more information on the Debtors’ businesses or their products, refer to the Declaration of Michael B. Howe in Support of Debtors’ Chapter 11 Proceedings and First Day Pleadings [D.I. 2] (the “Howe Declaration”). The Sale Transaction will be free and clear of, among other things, any claim arising from any conduct of the Debtors prior to the closing of the Sale Transaction, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such claim arises out of or relates to events occurring prior to the closing of the Sale Transaction. Accordingly, as a result of the Sale Transaction, the Successful Bidder (whether or not a Stalking Horse Bidder) will not be a successor to any of the Debtors by reason of any theory of law or equity, and will have no liability, except as expressly provided in a definitive agreement reached between the Debtors and Successful Bidder approved by the Court, for any liens, claims, encumbrances, and other interests against or in any of the Debtors under any theory of law, including successor liability theories.

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Dated: _____, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ DRAFT

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-and-

DAVIS POLK & WARDWELL LLP

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Counsel to the Debtors and Debtors in Possession

Exhibit 3

Form of Potential Assumption and Assignment Notice

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

which establish the key dates and times related to the Sale Transaction, the Auction, and the Assumption and Assignment Procedures.

PLEASE TAKE FURTHER NOTICE that, upon the closing of the Sale Transaction, the Debtors intend to assume and assign to the Successful Bidder(s) (whether or not a Stalking Horse Bidder) the Potential Assumed Contracts. A schedule listing the Potential Assumed Contracts (the “**Potential Assumed Contracts Schedule**”) is attached hereto and may also be accessed free of charge on the Debtors’ case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by email at SouthcrossInfo@kccllc.com. In addition, the outstanding “**Cure Costs**” calculated as of the Petition Date, if any, necessary for the assumption and assignment of the Potential Assumed Contracts are set forth on the Potential Assumed Contracts Schedule. ***Each Cure Cost listed on the Potential Assumed Contracts Schedule represents all liabilities of any nature of the Debtors arising under an Assumed Contract or Assumed Lease as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.***

YOU ARE RECEIVING THIS NOTICE BECAUSE YOU HAVE BEEN IDENTIFIED AS A COUNTERPARTY TO A POTENTIAL ASSUMED CONTRACT. Under the terms of the Assumption and Assignment Procedures, (a) at or prior to the closing of the Sale Transaction, a Successful Bidder may elect, in its sole and absolute discretion, (i) to exclude any contract or lease on the Potential Assumed Contracts Schedule as an Assumed Contract or Assumed Lease, as applicable (in which case it shall become an Excluded Contract or Excluded Lease, as applicable), or (ii) to include on the Proposed Assumed Contracts Schedule any contract or lease listed on the Potential Assumed Contracts Schedule, by providing to the Debtors written notice of its election to exclude or include such contract or lease, as applicable, (b) if the Debtors or any Successful Bidder identify during the pendency of the Chapter 11 Cases (before or after the closing of the Sale Transaction) any contract or lease that is not listed on the Proposed Assumed Contracts Schedule, and such contract or lease has not been rejected by the Debtors, the Successful Bidder may in its sole and absolute discretion elect by written notice to the Debtors to treat such contract or lease as an Assumed Contract or Assumed Lease, as applicable, and the Debtors shall seek to add such Assumed Contract or Assumed Lease to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule, as applicable, in accordance with Paragraph 31 of the Bidding Procedures Order, and (c) following the Auction, the Debtors may, in accordance with the applicable Asset Purchase Agreement, or as otherwise agreed by the Debtors and the Successful Bidder(s), at any time before the closing of the Sale Transaction, modify the previously-stated Cure Costs associated with any Proposed Assumed Contract. The Assumption and Assignment Procedures further provide that any Counterparty whose previously-stated Cure Cost is modified will receive notice thereof and an opportunity to file a Supplemental Assignment Objection. **The assumption and assignment of the Contracts and Leases on the Potential Assumed Contracts Schedule is not guaranteed and is subject to approval by the Court and the Debtors’ or Successful Bidder’s right to**

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order.

remove an Assumed Contract or Assumed Lease from the Potential Assumed Contracts Schedule and Proposed Assumed Contracts Schedule.

Obtaining Additional Information

Copies of the Bidding Procedures Motion and the Bidding Procedures Order, as well as all related exhibits (including the Bidding Procedures) and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by email at SouthcrossInfo@kccllc.com.

Filing Assumption and Assignment Objections

Pursuant to the Assumption and Assignment Procedures, objections to the potential assumption and assignment of an Assumed Contract or Assumed Lease (an “**Assumption and Assignment Objection**”) with respect to the ability of a Successful Bidder to provide adequate assurance of future performance, must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Cost that the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, (d) by no later than **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Assumption and Assignment Objection Deadline**”), (i) be filed with the Court and (ii) be served on (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 (collectively, the “**Objection Notice Parties**”).

Pursuant to the Assumption and Assignment Procedures, an Assumption and Assignment Objection relating to proposed Cure Cost (a **“Cure Objection”**), must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Cost that the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, and (d) by no later than **July 11, 2019 at 4:00 p.m. (the “Cure Objection Deadline”)**, (1) be filed with the Court and (2) be served on the Objection Notice Parties.

Pursuant to the Assumption and Assignment Procedures, objections to the potential assumption and assignment of an Assumed Contract or Assumed Lease by a party whose contract or lease is listed on a Supplemental Assumption and Assignment Notice (a **“Supplemental Assumption and Assignment Objection”**) with respect to the ability of a Successful Bidder to provide adequate assurance of future performance or relating to the Cure Costs (to the extent modified from the previously-stated amount) must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, and (d) by no later than **14 days from the date of service of such Supplemental Assumption and Assignment Notice**, (1) be filed with the Court and (2) be served on the Objection Notice Parties.

Objections to the Sale Order, the conduct of the Auction or the Sale Transaction (collectively, the **“Sale Objections”**), must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) comply with the Bankruptcy Code, Bankruptcy Rules and Local Rules, (d) **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** by (the **“Sale Objection Deadline”**) be (1) filed with the Court and (2) served on the Objection Notice Parties.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any Counterparty to a contract or lease who fails to timely make an objection to the potential assumption and assignment of such contract or lease on or before the Assumption and Assignment Objection Deadline in accordance with the Assumption and Assignment Procedures, the Bidding Procedures Order, and this Notice (or in the case of a Supplemental Assumption and Assignment Objection, by 14 days from the date of service of such Supplemental Assumption and Assignment Notice) shall be deemed to have consented to the assumption and assignment of such contract or lease, including the outstanding Cure Costs calculated as of the Petition Date (if any), set forth in the Potential Assumption and Assignment Notice or Supplemental Assumption and Assignment Notice, and shall be forever barred from asserting any objection or claims against the Debtors, the Successful Bidder (whether or not a Stalking Horse Bidder), or the property of any such parties, relating to the assumption and assignment of such contract or lease, including asserting additional Cure Costs with respect to such contract or lease. Notwithstanding anything to the contrary in such contract or lease, or any other document, the Cure Costs set forth in the Potential Assumption and Assignment Notice or Supplemental Assumption and Assignment Notice shall be controlling and will be the only amount necessary to cure outstanding defaults under the applicable Assumed Contract or Assumed Lease under section 365(b) of the Bankruptcy Code as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.

Other Important Dates and Deadlines³

In addition to the dates and deadlines described above with respect to filing Assumption and Assignment Objections, Cure Objections, and Supplemental Assumption and Assignment Objections, note the following important dates and deadlines:

1. **Auction.** In the event that the Debtors timely receive more than one Qualified Bid (whether or not there is a Stalking Horse Bidder) and subject to the satisfaction of any further conditions set forth in the Bidding Procedures, the Debtors intend to conduct an Auction for the Bid Assets. The Auction, if one is held, will be conducted at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 on **September 3, 2019 at 10:00 a.m. (prevailing Eastern Time)** or such later time on such day or such other place as the Debtors shall notify all Participating Parties.
2. **Sale Hearing.** A hearing (the “**Sale Hearing**”) to consider the proposed Sale Transaction will be held before the Court on **September 18, 2019 at 10:30 a.m. (prevailing Eastern Time)** or such other date as determined by the Court at 824 North Market Street, Wilmington, Delaware 19801.

[Remainder of This Page Intentionally Left Blank]

³ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

Dated: _____, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ DRAFT

Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
Joseph C. Barsalona II (No. 6102)
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emoats@mnat.com

-and-

DAVIS POLK & WARDWELL LLP
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Darren S. Klein (admitted pro hac vice)
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Benjamin M. Schak (admitted pro hac vice)
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benjamin.schak@davispolk.com

Counsel to the Debtors and Debtors in Possession

Exhibit 4

Form of Proposed Assumption and Assignment Notice

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

which establish the key dates and times related to the Sale Transaction, the Auction, and the Assumption and Assignment Procedures.

PLEASE TAKE FURTHER NOTICE that, on **September 3, 2019 at 10:00 a.m. (prevailing Eastern Time)** the Debtors held an Auction at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017.

PLEASE TAKE FURTHER NOTICE that, upon the closing of the Sale Transaction, the Debtors intend to assume and assign to the Successful Bidder(s) (whether or not a Stalking Horse Bidder) the Proposed Assumed Contracts. A schedule listing the Proposed Assumed Contracts (the “**Proposed Assumed Contracts Schedule**”) is attached hereto and may also be accessed free of charge on the Debtors’ case information website, located at <http://www.kccellc.net/southcrossenergy> or can be requested by e-mail at SouthcrossInfo@kccellc.com. In addition, the outstanding “**Cure Costs**” calculated as of the Petition Date, if any, necessary for the assumption and assignment of the Proposed Assumed Contracts are set forth on the Proposed Assumed Contracts Schedule. ***Each Cure Cost listed on the Proposed Assumed Contracts Schedule represents all liabilities of any nature of the Debtors arising under an Assumed Contract or Assumed Lease as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.***

YOU ARE RECEIVING THIS NOTICE BECAUSE YOU HAVE BEEN IDENTIFIED AS A COUNTERPARTY TO A PROPOSED ASSUMED CONTRACT. Under the terms of the Assumption and Assignment Procedures, (a) at or prior to the closing of the Sale Transaction, a Successful Bidder may elect, in its sole and absolute discretion, (i) to exclude any contract or lease on the Proposed Assumed Contracts Schedule as an Assumed Contract or Assumed Lease, as applicable (in which case it shall become an Excluded Contract or Excluded Lease, as applicable), or (ii) to include on the Proposed Assumed Contracts Schedule any contract or lease listed on the Potential Assumed Contracts Schedule, by providing to the Debtors written notice of its election to exclude or include such contract or lease, as applicable (b) if the Debtors or any Successful Bidder identify during the pendency of the Chapter 11 Cases (before or after the closing of the Sale Transaction) any contract or lease that is not listed on the Proposed Assumed Contracts Schedule, and such contract or lease has not been rejected by the Debtors, the Successful Bidder may in its sole and absolute discretion elect by written notice to the Debtors to treat such contract or lease as an Assumed Contract or Assumed Lease, as applicable, and the Debtors shall seek to add such Assumed Contract or Assumed Lease to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule, as applicable, in accordance with Paragraph 31 of the Bidding Procedures Order, and (c) following the Auction, the Debtors may, in accordance with the applicable Asset Purchase Agreement, or as otherwise agreed by the Debtors and the Successful Bidder(s), at any time before the closing of the Sale Transaction, modify the previously-stated Cure Costs associated with any Proposed Assumed Contract. The Assumption and Assignment Procedures further provide that any

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order.

Counterparty whose previously-stated Cure Cost is modified will receive notice thereof and an opportunity to file a Supplemental Assumption and Assignment Objection. **The assumption and assignment of the Contracts and Leases on the Proposed Assumed Contracts Schedule is not guaranteed and is subject to approval by the Court and the Debtors' or Successful Bidder's right to remove an Assumed Contract or Assumed Lease from the Proposed Assumed Contracts Schedule.**

Obtaining Additional Information

Copies of the Bidding Procedures Motion and the Bidding Procedures Order, as well as all related exhibits (including the Bidding Procedures) and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by e-mail at SouthcrossInfo@kccllc.com.

Filing Assumption and Assignment Objections

Pursuant to the Assumption and Assignment Procedures, objections to the proposed assumption and assignment of an Assumed Contract or Assumed Lease (an “**Assumption and Assignment Objection**”) with respect to the ability of a Successful Bidder to provide adequate assurance of future performance, must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Cost that the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, (d) by no later than **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Assumption and Assignment Objection Deadline**”), (i) be filed with the Court and (ii) be served on (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 (collectively, the “**Objection Notice Parties**”).

Sale Objections (as defined below), if any, must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) comply with the Bankruptcy Code, Bankruptcy Rules and Local Rules, (d) by **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Sale Objection Deadline**”) (1) be filed with the Court and (2) be served on the Objection Notice Parties.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any Counterparty to an Assumed Contract or Assumed Lease who fails to timely make an objection to the proposed assumption and assignment of such contract or lease on or before the Assumption and Assignment Objection Deadline in accordance with the Assumption and Assignment Procedures, the Bidding Procedures Order and this Notice shall be deemed to have consented with respect to the ability of a Successful Bidder to provide adequate assurance of future performance (and the Debtors’ proposed Cure Costs, to the extent modified from the previously-stated amount) and shall be forever barred from asserting any objection or claims against the Debtors, the Successful Bidder (whether or not a Stalking Horse Bidder), or the property of any such parties, relating to the assumption and assignment of such contract or lease, (including asserting additional Cure Costs with respect to such contract or lease). Notwithstanding anything to the contrary in such contract or lease, or any other document, the Cure Costs set forth in the Potential Assumption and Assignment Notice, Proposed Assumption and Assignment Notice, or Supplemental Assumption and Assignment Notice (as applicable), shall be controlling and will be the only amount necessary to cure outstanding defaults under the applicable Assumed Contract or Assumed Lease under section 365(b) of the Bankruptcy Code as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.

Other Important Dates and Deadlines³

In addition to the dates and deadlines described above with respect to filing Assumption and Assignment Objections, note the following important dates and deadlines:

1. **Auction and Sale Objections Deadline.** The deadline to file an objection with the Court to the Sale Order, the conduct of the Auction or the Sale Transaction (including objections relating to the Stalking Horse Bidder(s), if any, or the Proposed Assumed Contacts Schedule) (collectively, the “**Sale Objections**”) is the **Sale Objection Deadline**.
2. **Sale Hearing.** A hearing (the “**Sale Hearing**”) to consider the proposed Sale Transaction will be held before the Court on, **September 18, 2019 at 10:30 a.m. (prevailing Eastern Time)** or such other date as determined by the Court at 824 North Market Street, Wilmington, Delaware 19801.

³ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

Dated: _____, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS, ARSHT & TUNNELL
LLP

/s/ Draft

Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
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-and-

DAVIS POLK & WARDWELL LLP
Marshall S. Huebner (admitted pro hac vice)
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benjamin.schak@davispolk.com

*Counsel to the Debtors and Debtors in
Possession*

Exhibit B

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assets, (b) authorizing the selection of a Stalking Horse Bidder, (c) approving Bid Protections, (d) scheduling an Auction for, and a hearing to approve, the sale of the Debtors' assets, (e) approving the Noticing Procedures, (f) approving Assumption and Assignment Procedures, and (g) granting related relief, and (ii)(a) approving the sale of the Debtors' assets free and clear of liens, claims, interests, and encumbrances, (b) authorizing the assumption and assignment of Contracts and Leases, and (c) granting related relief, in each case, 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 Hannan Declaration; and the Court having held a hearing on the Motion (the “**Bidding Procedures Hearing**”); and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings

of fact constitute conclusions of law, and to the extent that any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. The Debtors' proposed notice of the Motion, the Bidding Procedures, the Bidding Procedures Hearing, and the proposed entry of the Bidding Procedures Order (this "**Order**") is (i) appropriate and reasonably calculated to provide all interested parties with timely and proper notice, (ii) in compliance with all applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and (iii) adequate and sufficient under the circumstances of the Chapter 11 Cases, and no other or further notice is required. A reasonable opportunity to object or be heard regarding the relief requested in the Motion (including, without limitation, with respect to the Bidding Procedures and Bid Protections) has been afforded to all interested persons and entities, including, but not limited to, the Notice Parties.

C. The Bidding Procedures in the form attached hereto as Exhibit 1 are fair, reasonable, and appropriate, are designed to maximize recoveries from a sale of the Bid Assets, and permit the Debtors to comply with their obligations under the DIP Credit Agreement and DIP Order (as each is defined in the Motion).

D. The Debtors have demonstrated a compelling and sound business justification for the Court to enter this Order and, thereby, (i) approve the Bidding Procedures, (ii) authorize the selection of a Stalking Horse Bidder (if any), under the terms and conditions set forth in the Bidding Procedures, (iii) authorize the Bid Protections, under the terms and conditions set forth in the Bidding Procedures and subject to the entry of the Stalking Horse Order (as defined below), (iv) set the dates of the Bid Deadline, Auction (if needed), Sale Hearing, and other deadlines set forth in the Bidding Procedures, (v) approve the Noticing Procedures and the forms of notice, and (vi) approve the Assumption and Assignment Procedures (as defined below) and

the forms of relevant notice. Such compelling and sound business justification, which was set forth in the Motion and on the record at the Bidding Procedures Hearing, are incorporated herein by reference and, among other things, forms the basis for the findings of fact and conclusions of law set forth herein.

E. The Bid Protections, as approved by this Order, are fair and reasonable and provide a benefit to the Debtors' estates and stakeholders.

F. The payment of the Break-Up Fee and Expense Reimbursement, which constitute the Bid Protections, upon the terms and conditions set forth in the Bidding Procedures, and pursuant to the terms of a definitive agreement between the Debtors and such Stalking Horse Bidder reflective of the terms set forth in the Bidding Procedures (for the avoidance of doubt, subject to the entry of a Stalking Horse Order and final Court approval at the Sale Hearing), are (i) an actual and necessary cost of preserving the Debtors' estates, within the meaning of sections 503(b) and 507(a) of the Bankruptcy Code, (ii) reasonably tailored to encourage, rather than hamper, bidding for the Bid Assets, by providing a baseline of value, increasing the likelihood of competitive bidding at the Auction, and facilitating participation of other bidders in the sale process, thereby increasing the likelihood that the Debtors will receive the best possible price and terms for the Bid Assets, (iii) of substantial benefit to the Debtors' estates and stakeholders and all parties in interest herein, (iv) reasonable and appropriate, (v) a material inducement for, and condition necessary to, the successful selection of, the reaching of a definitive agreement with, a Stalking Horse Bidder (if any) who will pursue its purchase of the Bid Assets, and (vi) reasonable in relation to the magnitude of effort that will be required of such Stalking Horse Bidder, the magnitude of the Sale Transaction, and the loss of opportunities such Stalking Horse Bidder would suffer as a result of the time spent pursuing the Sale Transaction. Without the Bid

Protections, no Qualified Bidder would agree to become a Stalking Horse Bidder and remain obligated to consummate the Sale Transaction (including, without limitation, the obligation to maintain its committed offer while such offer is subject to higher or better offers, as contemplated by the Bidding Procedures).

G. The legal and factual bases set forth in the Motion establish just cause for the relief granted herein. Entry of this Order is in the best interests of the Debtors and their estates, creditors, interest holders, and all other parties in interest herein.

H. The form and manner of notice to be delivered pursuant to the Noticing Procedures and the Assumption and Assignment Procedures (including the Sale Notice attached hereto as Exhibit 2, the Potential Assumption and Assignment Notice attached hereto as Exhibit 3, and the Proposed Assumption and Assignment Notice attached hereto as Exhibit 4) are reasonably calculated to provide each Counterparty to the Potential Assumed Contracts and the Proposed Assumed Contracts with (i) proper notice of the potential assumption and assignment of such Potential Assumed Contracts and Proposed Assumed Contracts by the Successful Bidder(s) (including the Stalking Horse Bidder, if any) or any of their known proposed assignees (if different from the Successful Bidder), and (ii) sufficient information to assert any objection to the proposed Cure Costs as of the Petition Date or otherwise be barred from asserting claims arising from events occurring prior to the Petition Date.

ORDERED, ADJUDGED, AND DECREED THAT:

1. The relief requested in the Motion is hereby granted as set forth herein.
2. Any objections to the Motion or the relief requested therein that have not been adjourned, withdrawn, or resolved are overruled in all respects on the merits.

3. The Bidding Procedures, in substantially the form attached hereto as Exhibit 1, are approved and fully incorporated into this Order and the Debtors are authorized, but not directed, to act in accordance therewith. The failure to specifically include a reference to any particular provision of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such provision.

4. Nothing herein shall prejudice the rights of the Debtors to seek by separate motion, in the exercise of their sound business judgment and fiduciary duties (in consultation with the DIP Secured Parties, each of the Prepetition Agents (each as defined in the DIP Order), and Southcross Holdings LP (together with its non-Debtor subsidiaries, "**Holdings**")), the authority to sell assets of the Debtors' estates (that do not constitute all or substantially all of the Debtors' assets) pursuant to section 363 of the Bankruptcy Code. For the avoidance of doubt, the sale of the Bid Assets pursuant to multiple Partial Bids, that in the aggregate result in a sale of all or substantially all of the Bid Assets, meets the definition of "Section 363 Sale" set forth in the DIP Credit Agreement.

5. Subject to the entry of a Stalking Horse Order and final Court approval at the Sale Hearing, the Debtors are authorized, but not obligated, in an exercise of their business judgment (in consultation with the DIP Secured Parties, each of the Prepetition Agents, and Holdings (collectively, the "**Consulting Parties**")), to agree with any Qualified Bidder(s) that such Qualified Bidder(s) shall be the Stalking Horse Bidder(s) and that the Debtors will enter into a definitive agreement with such Stalking Horse Bidder(s) in accordance with the terms and conditions set forth in the Bidding Procedures.

6. Subject to the entry of a Stalking Horse Order and final Court approval at the Sale Hearing, the Debtors are authorized to enter into a definitive agreement with the Stalking Horse Bidder for the Sale Transaction.

7. Bid Deadline. As further described in the Bidding Procedures, the Bid Deadline shall be at **6:00 p.m. (prevailing Eastern Time) on July 24, 2019**.

8. Auction. In the event the Debtors receive, on or before the Bid Deadline, one or more Qualified Bids (whether or not any Stalking Horse Bidder is selected), an Auction shall be conducted at the offices of Davis Polk & Wardwell LLP, 450 Lexington Ave., New York, New York 10017 at **10:00 a.m. (prevailing Eastern Time) on September 3, 2019**, or such later time on such day or such other place as the Debtors shall notify all Participating Parties. The Debtors are authorized to conduct the Auction in accordance with the Bidding Procedures.

9. If (a) no Qualified Bids are submitted by the Bid Deadline other than a Stalking Horse Bid, (b) only one Qualified Bid which is not a Stalking Horse Bid is submitted by the Bid Deadline, or (c) only one or more Partial Bids are submitted by the Bid Deadline for non-overlapping lots of the Bid Assets, the Debtors may in their discretion (in consultation with the Consulting Parties) elect to cancel the Auction, seek approval of the transactions contemplated in the Stalking Horse Bid, the Qualified Bid which is not a Stalking Horse Bid, or the transactions in respect of such Partial Bids at the Sale Hearing.

10. The form of Sale Notice attached hereto as Exhibit 2 is hereby approved.

11. As soon as reasonably practicable after entry of this Order, the Debtors shall serve the Sale Notice by first class or overnight mail upon the following: (a) the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**"); (b) counsel to any official committee appointed in the Chapter 11 Cases; (c) counsel to each of the DIP Secured Parties; (d)

counsel to each of the Prepetition Secured Parties; (e) Counterparties to Contracts and Leases; (f) the Internal Revenue Service; (g) all applicable state and local taxing authorities; (h) the Securities & Exchange Commission; (i) the U.S. Environmental Protection Agency; (j) the United States Attorney's Office for the District of Delaware; (k) the United States Attorney General/Antitrust Division of the Department of Justice; (l) the offices of the attorneys general for the states in which the Debtors operate; (m) all potential buyers previously identified or solicited by the Debtors or their advisors and any additional parties who have previously expressed an interest to the Debtors or their advisors in potentially acquiring the Debtors' assets; (n) all such other entities as may be required by applicable Bankruptcy Rules or Local Rules; (o) counsel to Holdings; and (p) all other known parties with any interest in the Bid Assets (collectively, the "**Sale Notice Parties**"). On or about the same date, the Debtors will publish the Sale Notice once in *The Wall Street Journal* national edition.

12. Service of the Sale Notice on the Sale Notice Parties in the manner described in this Order constitutes good and sufficient notice of the Auction and the Sale Hearing. No other or further notice is required.

13. Promptly after the conclusion of the Auction and the selection of the Successful Bid(s) and Alternate Bid(s), the Debtors shall file and post on the Case Information Website a notice identifying such Successful Bid(s) and Alternate Bid(s) with the Court.

14. Sale Objections. Objections to the relief sought in the Sale Order must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, (d) be filed with the Court no later than **4:00 p.m. (prevailing Eastern Time) on September 10, 2019**, and (e) be served on (1) counsel to the Debtors, (x) 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 (y) 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; (2) 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, TX 75201-2975, Attn: William Wallander, Bradley Foxman, and Matthew Pyeatt; (3) counsel to Wilmington Trust, N.A., the administrative agent under Southcross's prepetition secured term loan facility and post-petition credit facility (x) Arnold & Porter Kaye Scholer LLP, 250 West 55th Street New York, NY 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 (y) Duane Morris LLP, 222 Delaware Avenue, Suite 1600, Wilmington, Delaware 19801-1659, Attn: Christopher M. Winter; (4) counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (x) 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 (y) Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Edmon L. Morton and Matthew B. Lunn; (5) counsel to any official committee appointed in the Chapter 11 Cases; (6) counsel to Holdings, Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attn: M. Natasha Labovitz, Jasmine Ball, and Daniel E. Stroik; and (7) the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801 (collectively, the "**Objection Notice Parties**").

15. Sale Hearing. The Sale Hearing shall be held in the United States Bankruptcy Court for the District of Delaware, Wilmington, Delaware 19801, on **September 17, 18, 2019 at**

~~11~~10:0030 a.m. (prevailing Eastern Time) or such other date and time that the Court may later direct; provided, however, that the Sale Hearing may be adjourned by the Debtors (with the consent of the Required Lenders (as defined in the DIP Credit Agreement)) by announcement of the adjournment in open court or on the Court's docket.

16. As soon as reasonably practicable after the completion of the Auction, the Debtors shall file a final form of order approving the Sale Transaction(s) as agreed upon between the Debtors (in consultation with the Consulting Parties) and the Successful Bidder(s).

17. Bid Protections. In accordance with the Bidding Procedures, the Debtors may enter into a definitive agreement with any Qualified Bidder to designate such Qualified Bidder as a Stalking Horse Bidder, subject to higher or otherwise better offers at the Auction. Pursuant to sections 105, 363, 364, 503, and 507 of the Bankruptcy Code, the Debtors are authorized to offer and pay the Break-Up Fee and Expense Reimbursement to a Stalking Horse Bidder (if any) in accordance with the terms and conditions set forth in the Bidding Procedures and a definitive agreement reached between the Debtors and such Stalking Horse Bidder consistent therewith; *provided* that (a) the amount of such Bid Protections shall not exceed, in the aggregate, three percent of the proposed purchase price for the Bid Assets (or lot thereof) set forth in such Stalking Horse Bid *plus* an amount up to \$1,000,000 for reasonable and documented fees and expenses and (b) the approval of such Bid Protections shall be subject to the entry of a Stalking Horse Order and the Sale Order.

18. If the Debtors exercise their business judgment and determine (in consultation with the Consulting Parties) to enter into a definitive agreement with a Stalking Horse Bidder providing for Bid Protections in accordance with the terms and conditions set forth in the Bidding Procedures, the Debtors shall file a motion with the Court (the "**Stalking Horse**

Motion”), with no less than five calendar days’ notice of the objection deadline (the “**Stalking Horse Objection Deadline**”) to the U.S. Trustee, the DIP Secured Parties, each of the Prepetition Agents, Holdings, counsel to any official committee appointed in the Chapter 11 Cases, and those parties who have filed the appropriate notice pursuant to Bankruptcy Rule 2002 requesting notice of all pleadings filed in the Chapter 11 Cases, seeking entry of an order (the “**Stalking Horse Order**”) granting final approval of such Bid Protections to such Stalking Horse Bidder. If no party in interest objects to the Stalking Horse Motion prior to the Stalking Horse Objection Deadline, then the Debtors may file with the Court the proposed Stalking Horse Order under certification of counsel. The Court may schedule an expedited hearing to consider the relief sought in the Stalking Horse Motion.

19. If the Court enters a Stalking Horse Order, the Debtors shall promptly serve it on each Potential Bidder. Further, until paid, any Break-Up Fee or Expense Reimbursement provided pursuant to the Stalking Horse Order shall constitute allowed superpriority administrative expense claims arising in the Chapter 11 Cases under sections 503(b), 507(a)(2), and 507(b) of the Bankruptcy Code; *provided, however*, that such superpriority claims shall be subject to the Carve-Out (as defined in the DIP Order) and the Wind-Down Budget (as defined below), and shall in no circumstance be *pari passu* or senior to the claims granted to the DIP Secured Parties or the Prepetition Secured Parties; ~~*provided further, however, that the Debtors’ obligation to pay the Bid Protections shall be the joint and several obligations of the Debtors and shall survive termination of any definitive agreement reached between the Debtors and such Stalking Horse Bidder, dismissal or conversion of any of the Chapter 11 Cases, and confirmation of any plan of reorganization or liquidation.*~~

20. To ensure the funding of the Chapter 11 cases, each bid (including a credit bid) shall be subject to (a) the Debtors having sufficient cash at the consummation of any sale of Bid Assets to satisfy the reasonable wind-down budget negotiated in good faith (the “**Wind-Down Budget**”) to pay all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to wind-down the Debtors’ estates in a reasonable and appropriate timeline, and (b) the requirement that the net proceeds of any sale pursuant to the Bidding Procedures shall first satisfy the Wind-Down Budget before repayment from such proceeds of any DIP Obligations, Adequate Protection Obligations, 507(b) Claims, Prepetition Secured Debt, or any other claims against the Debtors. At the closing of each Sale Transaction for Bid Assets, the Debtors shall deposit the sale proceeds from such Sale Transaction into a segregated account held by the Debtors pending the ultimate resolution (either by agreement or Court determination) and funding of the appropriate amount of the Wind-Down Budget; *provided, however*, that the Debtors shall be authorized to use a portion of such sale proceeds to pay, in accordance with the Approved Budget (as defined in the DIP Credit Agreement), all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to administer the Debtors’ estates accrued through the closing of the final Sale Transaction in an amount either (y) agreed to by the Required Lenders and the Debtors or (z) as otherwise determined by the Court. The Debtors shall not distribute any proceeds of any Sale Transaction prior to the funding of the Wind-Down Budget.

21. Assumption and Assignment Procedures. The assumption and assignment procedures set forth in the Motion, to the extent modified herein (the “**Assumption and Assignment Procedures**”), are hereby approved.

22. As soon as reasonably practicable following entry of this Order, the Debtors shall file with the Court, and cause to be published on the Case Information Website, the Potential Assumption and Assignment Notice and a list of the Potential Assumed Contracts (the “**Potential Assumed Contracts Schedule**”) that specifies (a) each of the Contracts and Leases that potentially could be assumed and assigned in connection with the sale of the Bid Assets, including the name of each Counterparty and (b) the proposed outstanding Cure Cost as of the Petition Date with respect to each Potential Assumed Contract.

23. Potential Assumption and Assignment Notice. The Debtors shall, as soon as reasonably practicable after entry of this Order (but in any event, so as to provide sufficient notice such that any required responses from any Counterparties are due prior to the scheduled date of the Auction as specified in the Bidding Procedures), serve on each relevant Counterparty the Potential Assumption and Assignment Notice, which shall (a) identify the Potential Assumed Contracts, (b) list the Debtors’ outstanding Cure Costs calculated in good faith as of the Petition Date with respect to the Potential Assumed Contracts identified on the Potential Assumption and Assignment Notice, (c) expressly state that assumption or assignment of an Assumed Contract or Assumed Lease is not guaranteed and is subject to Court approval, (d) prominently display the deadline to file an Assumption and Assignment Objection (as defined below), and (e) prominently display the date, time, and location of the Sale Hearing. The Debtors shall serve on all parties requesting notice pursuant to Bankruptcy Rule 2002, via first class mail, a modified version of the Potential Assumption and Assignment Notice, without the Potential Assumed Contracts Schedule, which will include instructions regarding how to view the Potential Assumed Contracts Schedule on the Case Information Website.

24. Proposed Assumption and Assignment Notice. The Debtors shall, in conjunction with the filing of the Notice of Auction Results, file and serve on each relevant Counterparty the Proposed Assumption and Assignment Notice, which shall (a) identify the Proposed Assumed Contracts, (b) expressly state that assumption or assignment of an Assumed Contract or Assumed Lease is not guaranteed and is subject to Court approval, (c) prominently display the deadline to file an Assumption and Assignment Objection, and (d) prominently display the date, time, and location of the Sale Hearing. The Debtors shall serve on all parties requesting notice pursuant to Bankruptcy Rule 2002, via first class mail, a modified version of the Proposed Assumption and Assignment Notice, without the schedule of Proposed Assumed Contracts (the “**Proposed Assumed Contracts Schedule**”), which will include instructions regarding how to view the Proposed Assumed Contracts Schedule on the Case Information Website.

25. Objection Deadlines. Any Counterparty may object to the potential or proposed assumption or assignment of its Assumed Contract or Assumed Lease, the Debtors’ proposed Cure Costs, if any, or the ability of a Successful Bidder to provide adequate assurance of future performance (an “**Assumption and Assignment Objection**”). All Assumption and Assignment Objections must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Costs the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, (d) (1) for objections relating to proposed Cure Costs, be filed with the Court no later than **July 11, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Cure Objection Deadline**”) and (2) for all other objections, **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Assumption and Assignment Objection Deadline**”), and (e) be served on the Objection Notice Parties.

26. Resolution of Assumption and Assignment Objections. If a Counterparty files a timely Assumption and Assignment Objection, such objection shall be heard at the Sale Hearing or such later date that the Debtors, in consultation with the Successful Bidder, shall determine in their discretion (subject to the Court's calendar). If such objection has not been resolved prior to the closing of the Sale Transaction (whether by an order of the Court or by agreement with the Counterparty), the Successful Bidder(s) may elect, in their sole and absolute discretion, one of the following options: (a) treat such Counterparty's contract or lease as property excluded from the Bid Assets (an "**Excluded Contract**" or "**Excluded Lease**", respectively); or (b) temporarily treat the Proposed Assumed Contract as an Excluded Contract or Excluded Lease, as applicable (a "**Designated Agreement**"), proceed to the closing of the Sale Transaction with respect to all other Bid Assets, and determine whether to treat the Designated Agreement as an Assumed Contract or Assumed Lease, as applicable, or an Excluded Contract or Excluded Lease, as applicable, within ten business days after resolution of such objection (whether by the Court's order or by agreement of the Counterparty, the Debtors, and the Successful Bidder).

27. Failure To File Timely Assumption and Assignment Objection. If a Counterparty fails to file with the Court and serve on the Assumption and Assignment Objection Notice Parties a timely Assumption and Assignment Objection, the Counterparty shall be forever barred from asserting any such objection with regard to the assumption or assignment of its Assumed Contract or Assumed Lease. Notwithstanding anything to the contrary in the Assumed Contract or Assumed Lease, or any other document, the Cure Costs set forth in the Potential Assumption and Assignment Notice or the Supplemental Assumption and Assignment Notice (as defined below) shall be controlling and will be the only amount necessary to cure outstanding defaults under the applicable Assumed Contract or Assumed Lease under section 365(b) of the

Bankruptcy Code as of the Petition Date, whether known or unknown, due or to become due, accrued, absolute, contingent, or otherwise, and the Counterparty shall be forever barred from asserting any additional cure or other amounts with respect to such Assumed Contract or Assumed Lease against the Debtors, the Successful Bidder, or the property of any of them.

28. Modification of Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule. In addition to a Successful Bidder's rights described above with respect to an Assumption and Assignment Objection, at or prior to the closing of the Sale Transaction, a Successful Bidder may elect, in its sole and absolute discretion, to (a) exclude any contract or lease on the Potential Assumed Contracts Schedule as an Assumed Contract or Assumed Lease, as applicable (in which case it shall become an Excluded Contract or Excluded Lease, as applicable), or (b) include on the Proposed Assumed Contracts Schedule any contract or lease listed on the Potential Assumed Contracts Schedule, by providing to the Debtors written notice of its election to exclude or include such contract or lease, as applicable.

29. If the Debtors or any Successful Bidder identify during the pendency of the Chapter 11 Cases (before or after the closing of the Sale Transaction) any contract or lease that is not listed on the Proposed Assumed Contracts Schedule, and such contract or lease has not been rejected by the Debtors, the Successful Bidder may in its sole and absolute discretion elect by written notice to the Debtors to treat such contract or lease as an Assumed Contract or Assumed Lease, as applicable, and the Debtors shall seek to add such Assumed Contract or Assumed Lease to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule, as applicable, in accordance with Paragraph 31.

30. Following the conclusion of the Auction, if any, and the selection of the Successful Bidder(s), the Debtors reserve the right, but only in accordance with the applicable

Asset Purchase Agreement, or as otherwise agreed by the Debtors and the Successful Bidder(s), at any time before the closing of the Sale Transaction, to modify the previously-stated Cure Costs associated with any Proposed Assumed Contract.

31. In the event that any contract or lease is added to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule or previously-stated Cure Costs are modified, in accordance with the applicable Asset Purchase Agreement, or the procedures set forth in this Motion, the Debtors will promptly serve a supplemental assumption and assignment notice, by first class mail, on the applicable Counterparty (each, a “**Supplemental Assumption and Assignment Notice**”). Each Supplemental Assumption and Assignment Notice will include the same information with respect to the applicable Assumed Contract or Assumed Lease as is required to be included in the Potential Assumption and Assignment Notice.

32. Any Counterparty listed on a Supplemental Assumption and Assignment Notice whose contract or lease is proposed to be assumed and assigned may object to the proposed assumption or assignment of its Assumed Contract or Assumed Lease, the Debtors’ proposed Cure Costs (to the extent modified from the previously-stated amount), or the ability of a Successful Bidder to provide adequate assurance of future performance (a “**Supplemental Assumption and Assignment Objection**”). All Supplemental Assumption and Assignment Objections must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Costs the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, and (d) no later than **14 days from the date of service of such Supplemental Assumption and Assignment Notice**, (i) be filed with the Court and (ii) be served on the Assumption and Assignment Objection Notice Parties. Each

Supplemental Assumption and Assignment Objection, if any, shall be resolved in the same manner as an Assumption and Assignment Objection.

33. Reservation of Rights. The inclusion of an Assumed Contract, Assumed Lease, or Cure Costs with respect thereto on a Potential Assumption and Assignment Notice, a Proposed Assumption and Assignment Notice, the Potential Assumed Contracts Schedule, the Proposed Assumed Contracts Schedule, or a Supplemental Assumption and Assignment Notice shall not constitute or be deemed a determination or admission by the Debtors, the Successful Bidder(s), or any other party in interest that such contract or lease is an executory contract or unexpired lease within the meaning of the Bankruptcy Code. The Debtors reserve all of their rights, claims, and causes of action with respect to each Assumed Contract and Assumed Lease listed on a Potential Assumption and Assignment Notice, Proposed Assumption and Assignment Notice, Supplemental Assumption and Assignment Notice, the Potential Assumed Contracts Schedule, and the Proposed Assumed Contracts Schedule. The Debtors' inclusion of any Assumed Contract or Assumed Lease on the Potential Assumption and Assignment Notice, Proposed Assumption and Assignment Notice, Supplemental Assumption and Assignment Notice, Potential Assumed Contracts Schedule, and/or Proposed Assumed Contracts Schedule shall not be a guarantee that such Assumed Contract or Assumed Lease ultimately will be assumed or assumed and assigned.

34. Notwithstanding anything in this Order to the contrary, unless Cigna (as defined in the *Objection of Cigna Entities to Motion of Debtors for Entry of Orders (i)(a) Approving Bidding Procedures for Sale of Debtors' Assets, (b) Authorizing the Selection of a Stalking Horse Bidder, (c) Approving Bid Protections, (d) Scheduling Auction for, and Hearing To Approve, Sale of Debtors' Assets, (e) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (f) Approving Assumption and Assignment Procedures, and (g) Granting Related Relief*

and (ii)(a) *Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances*, (b) *Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases*, and (c) *Granting Related Relief* [D.I. 238] (the “**Cigna Objection**”)) and the Debtors agree otherwise, in the event that any of the Employee Benefit Agreements (as defined in the Cigna Objection) are listed in the Proposed Assumption and Assignment Notice, or in a Supplemental Assumption and Assignment Notice, filed and served in accordance with the Bidding Procedures, the Debtors shall provide to Cigna, through its counsel of record, (a) as soon as reasonably practicable after the filing of such notice, (i) a copy of the evidence in the Debtors' possession material to the Successful ~~Bidders~~Bidder's ability to comply with section 365 of the Bankruptcy Code, including such information demonstrating the Successful Bidder's ability to perform under the applicable Employee Benefit Agreement(s) and (ii) a good faith estimate as to the number of the Debtors' employees who will become employees of the Successful Bidder and (b) within three business days of filing such ~~Notice~~notice, written notice of the Debtors' and the Successful Bidder's irrevocable decision as to whether or not the Debtors shall assume and assign to the Successful Bidder the applicable Employee Benefit Agreements as part of the Sale Transaction (to the extent such Sale Transaction closes); *provided, however*, that Cigna shall not assert any Cure Costs other than the outstanding amounts, if any, accrued on and after May 31, 2019, under the applicable Employee Benefit Agreements.

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

36. This Order shall be binding on the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the estates of the Debtors.

37. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(a), 6004(h), 6006(d), or 9014) 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.

38. The requirements of Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

39. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

40. Proper, timely, adequate and sufficient notice of the Motion has been provided in accordance with and satisfaction of 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.

41. To the extent any provisions of this Order shall be inconsistent with the Motion, the terms of this Order shall control.

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

Dated: _____, 2019
Wilmington, Delaware

THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Proposed Bidding Procedures

BIDDING PROCEDURES

The bidding procedures set forth below (these “**Bidding Procedures**”) detail the process by which Southcross Energy Partners, L.P. (“**Southcross**”) and its affiliated debtors (collectively with Southcross, the “**Debtors**”) are authorized by the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) to conduct a sale of all or substantially all of the Debtors’ assets in one or more lots (collectively, the “**Bid Assets**”).¹

Any interested bidder should contact, as soon as practicable:

EVERCORE GROUP L.L.C.²

55 East 52nd Street
New York, NY 10055
Attn.: Robert A. Pacha, Stephen Hannan
Pacha@evercore.com
Hannan@evercore.com
(tel.) +1 (713) 403-2441
(tel.) +1 (212) 857-7423

These Bidding Procedures describe, among other things, (i) the Bid Assets offered for sale, (ii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, (iii) the conduct of the Auction (as defined below), if necessary, (iv) the selection of the Successful Bidder(s) (as defined below), (v) the process for seeking authorization for the selection of a Stalking Horse Bidder and Bid Protections (if any, each as defined below), and (vi) the approval by the Bankruptcy Court of the sale of the Bid Assets to the Successful Bidder(s).

1. PARTICIPATION REQUIREMENTS

(a) Interested Parties

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the bidding process described herein (the “**Bidding Process**”), each interested person or entity (each, an “**Interested Party**”) must deliver the following items (unless previously delivered) to Evercore so as to be received no later than 5:00 p.m. (prevailing Eastern Time) on July 1, 2019:

- i. an executed confidentiality agreement in form and substance satisfactory to the Debtors;
- ii. a statement and other factual support demonstrating, to the Debtors’ satisfaction, that the Interested Party has a *bona fide* interest in purchasing some or all of the Bid Assets;
- iii. a description of the nature and extent of any due diligence the Interested Party wishes to conduct and the date in advance of the

¹ These Bidding Procedures were approved by the Bankruptcy Court on [●], 2019 [D.I. [●]] (the “**Bidding Procedures Order**”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order or the DIP Order (as defined below), as applicable.

² Evercore Group, L.L.C., in its capacity as financial advisor to the Debtors, is referred to herein as “**Evercore**.”

Bid Deadline (as defined below) by which such due diligence will be completed; and

- iv. sufficient information, as defined by the Debtors, to allow the Debtors to determine that the Interested Party has the financial wherewithal and any required internal corporate, legal, or other authorizations to close a sale transaction pursuant to these Bidding Procedures, including, but not limited to, current audited financial statements of the Interested Party (or such other form of financial disclosure acceptable to the Debtors in their discretion) or, if the Interested Party is an entity formed for the purpose of acquiring some or all of the Bid Assets, (A) current audited financial statements of the equity holder(s) (the “**Sponsor(s)**”) of the Interested Party (or such other form of financial disclosure acceptable to the Debtors in their discretion), (B) a written commitment acceptable to the Debtors and their advisors that the Sponsor(s) are responsible for the Interested Party’s obligations in connection with the Bidding Process, and (C) copies of any documents evidencing any financing commitments necessary to consummate the transaction.

If the Debtors determine in their discretion (in consultation with the DIP Secured Parties (as defined below), each of the Prepetition Agents (as defined in the DIP Order³), and Southcross Holdings LP (together with its non-Debtor subsidiaries, “**Holdings**”)), after receipt of the items identified above, that an Interested Party has a *bona fide* interest in purchasing some or all of the Bid Assets, such Interested Party will be deemed a “**Potential Bidder**” and the Debtors will deliver to such Potential Bidder access to the Debtors’ confidential electronic data room concerning the Bid Assets (the “**Data Room**”), which shall include a form of Sale Order (as defined below).

(b) Due Diligence

Until the Bid Deadline, in addition to granting access to the Data Room, the Debtors will provide Potential Bidders with due diligence access and additional information, as may be requested by a Potential Bidder, to the extent that the Debtors determine, in their sole discretion, that such requests are reasonable and appropriate under the circumstances. All due diligence requests shall be directed to Evercore. The Debtors, with the assistance of Evercore, will coordinate all reasonable requests for additional information and due diligence access from Potential Bidders.

Unless otherwise determined by the Debtors, the availability of due diligence to a Potential Bidder will cease if (i) the Potential Bidder does not become a Qualified Bidder or (ii) the Bidding Process is terminated in accordance with its terms.

³ See Final Order, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, 364, 503, 506, and 507, (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Post-Petition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief [D.I. 200] (the “**DIP Order**”).

2. QUALIFIED BIDS

Each offer, solicitation, or proposal by a Potential Bidder must satisfy each of the following conditions in order for such offer, solicitation, or proposal to be deemed a “**Qualified Bid**” and for such Potential Bidder to be deemed a “**Qualified Bidder**,” unless any such conditions that are not satisfied are waived by the Debtors in their discretion (in consultation with the DIP Secured Parties, each of the Prepetition Agents, and Holdings (collectively, the “**Consulting Parties**”)):

(a) Bid Deadline

A Potential Bidder who desires to be deemed a Qualified Bidder must deliver to Evercore, with copies to 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), the Required Bid Documents (as defined below) so as to be received no later than 6:00 p.m. (prevailing Eastern Time) on July 24, 2019 (the “**Bid Deadline**”). The Debtors, with the consent of the Required Lenders (unless otherwise specified, as defined in that Senior Secured Superpriority Priming Debtor-in-Possession Credit Agreement, dated as of April 3, 2019 (the “**DIP Credit Agreement**”)) and with notice to each of the Prepetition Agents, the DIP Agent (as defined in the DIP Order), and Holdings, but without the need for further Bankruptcy Court approval, may extend the Bid Deadline by a reasonable period of time if the Debtors and the Required Lenders believe that such extension would further the goal of attaining the highest or otherwise best offer for the Debtors’ assets. If the Debtors extend the Bid Deadline, the Debtors will promptly notify all Potential Bidders of such extension.

(b) Bid Requirements

All bids must include the following items (collectively, the “**Required Bid Documents**”):

- a letter stating that the bidder’s offer is irrevocable until consummation of a transaction involving the Bid Assets (or lot thereof) identified in such offer;
- a duly authorized and executed purchase agreement satisfactory to the Debtors, based on the form purchase agreement provided by Evercore, marked to show any revisions, including, among other things, the purchase price for the Bid Assets (or lot thereof, as applicable), together with all exhibits and schedules, including, among other things, a proposed form of order approving the transaction(s) contemplated in such purchase agreement (such executed purchase agreement, an “**Asset Purchase Agreement**”);
- written evidence acceptable to the Debtors in their discretion (in consultation with the Consulting Parties)

demonstrating financial wherewithal, operational ability, and corporate authorization to consummate the proposed transaction; and

- written evidence of a firm commitment for financing to consummate the proposed transaction, or other evidence of ability to consummate the proposed transaction without financing, in either case which is satisfactory to the Debtors in their discretion (in consultation with the Consulting Parties).

A bid will be considered only if the bid:

- identifies the legal name of the purchaser (including any Sponsor(s), if the purchaser is an entity formed for the purpose of consummating the proposed transaction);
- identifies the Bid Assets (or lot thereof) to be purchased and the contracts and leases to be assumed;
- identifies the liabilities of the Debtors or the Bid Assets to be assumed;
- sets forth the consideration for the Bid Assets (or lot thereof) to be purchased and the Contracts and Leases to be assumed; *provided, however*, that, upon entry of a Stalking Horse Order (as defined below), the consideration must be at least equal to the following: (i) the consideration set forth in the Stalking Horse Bid; *plus* (ii) the aggregate amount of any Bid Protections set forth in the Stalking Horse Order; *plus* (iii) \$1,000,000 or such other amount approved in a Stalking Horse Order for such Bid Assets (the “**Minimum Overbid**”);
- is not conditioned on (i) obtaining financing or (ii) the outcome of unperformed due diligence;
- includes a description of all governmental, licensing, regulatory, or other approvals or consents that are required to consummate the proposed transaction (including any antitrust approval related to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended), together with evidence satisfactory to the Debtors of the ability to obtain such approvals or consents in a timely manner, as well as a description of any material contingencies or other conditions that will be imposed upon, or that will otherwise apply to, the obtainment or effectiveness of any such

approvals or consents;

- is accompanied by a cash deposit by wire transfer to an escrow agent selected by the Debtors (the “**Deposit Agent**”) in an amount equal to ten percent of the consideration set forth in connection with such bid (any such deposit, a “**Good Faith Deposit**”);
- sets forth the representatives that are authorized to appear and act on behalf of the bidder in connection with the proposed transaction;
- indicates that the bidder will not seek any transaction or break-up fee, expense reimbursement, or similar type of payment (other than if such bid is selected to be a Stalking Horse Bid and subject to the provisions of Section 5 below);
- includes evidence of the bidder’s ability to comply with section 365 of the Bankruptcy Code (to the extent applicable), including providing adequate assurance of such bidder’s ability to perform in the future the contracts and leases proposed in its bid to be assumed by the Debtors and assigned to the bidder, in a form that will permit the Debtors to disseminate immediately such evidence to the non-Debtor counterparties to such contracts and leases; and
- is received on or before the Bid Deadline (as such deadline may be extended in accordance with these Bidding Procedures).

A bid received from a Potential Bidder will constitute a Qualified Bid only if it includes all of the Required Bid Documents and meets all of the above requirements (other than a credit bid described in Section 3 below). The Debtors shall have the right to deem a bid a Qualified Bid even if such bid does not conform to one or more of the requirements above or does not include one or more Required Bid Documents. If the Debtors receive a bid prior to the Bid Deadline that is not a Qualified Bid, the Debtors may provide the bidder with the opportunity to remedy any deficiencies following the Bid Deadline. If any bid is determined by the Debtors not to be a Qualified Bid, and the applicable bidder fails to remedy such bid in accordance with these Bidding Procedures, the Debtors shall promptly instruct the Deposit Agent to return such bidder’s Good Faith Deposit.

All Qualified Bids will be considered by the Debtors; bids other than Qualified Bids will not be considered. Notwithstanding any other provision of these Bidding Procedures, the Debtors may in their discretion (in consultation with the Consulting Parties) evaluate bids on any grounds, including, but not limited to, (i) the amount of the purchase price, including non-cash consideration, set forth in the bid, (ii) the value to be provided to the Debtors under the bid,

including the net economic effect upon the Debtors' estates (including, without limitation, the ability to fund the Wind-Down Budget (as defined below)), (iii) any benefit to the Debtors' estates from any assumption of liabilities or waiver of liabilities, including the release or replacement of letters of credit, (iv) the transaction structure and execution risk, including conditions to and certainty of closing, termination provisions, availability of financing and financial wherewithal to meet all commitments, and required governmental or other approvals, (v) the anticipated timing to closing and whether such timing is consistent with the Debtors' adherence to the Approved Budget (as defined in the DIP Credit Agreement), (vi) the impact on employees and employee claims against the Debtors, (vii) the presence of any governmental, licensing, regulatory, or other approvals or consents in a bid, and the anticipated timing or likelihood of obtaining such approvals or consents, (viii) the impact on trade and other creditors, and (ix) any other factors the Debtors may reasonably deem relevant consistent with their fiduciary duties. For the avoidance of doubt, the presence of any governmental, licensing, regulatory, or other approvals or consents in a bid, and the anticipated timing or likelihood of obtaining such approvals or consents, may be grounds for the Debtors in their discretion (in consultation with the Consulting Parties) to determine that such bid (i) is not a Qualified Bid or (ii) is not higher or otherwise better than any other Qualified Bid.

By submission of its bid, each Qualified Bidder shall be deemed to acknowledge and represent that it (i) has had an opportunity to conduct any and all due diligence regarding the Bid Assets that are the subject of the Auction prior to making any such bids, (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the assets in making its bid, and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Bid Assets (or lots thereof), or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures or, as to the Successful Bidder(s), the Asset Purchase Agreement(s) with such Successful Bidder(s). Without the written consent of the Debtors (in consultation with the Consulting Parties) a Qualified Bidder may not amend, modify, or withdraw its Qualified Bid, except for proposed amendments to increase the amount or otherwise improve the terms of its Qualified Bid, during the period that such Qualified Bid is required to remain irrevocable. Notwithstanding any consultation or consent rights set forth herein, in the Bidding Procedures Order, in the DIP Order, or otherwise, no Qualified Bidder that submits a Qualified Bid shall be entitled to consultation rights with respect to the Bid Assets subject to such Qualified Bid.

3. CREDIT BID

Pursuant to section 363(k) of the Bankruptcy Code and subject to the terms and conditions set forth in the DIP Order (a) the DIP Agent, on behalf of the DIP Secured Parties (as defined in the DIP Order), but solely at the prior written direction of the Required Lenders, shall have the right to credit bid up to the full amount of the DIP Obligations in any bulk or piecemeal sale of all, or any portion of, the Bid Assets constituting DIP Collateral, and (b) (i) the Prepetition Term Agent (as defined in the DIP Order), on behalf of the Prepetition Secured Parties (as defined in the DIP Order), but solely at the prior written direction of the Required Lenders (as defined in the Prepetition Term Loan Credit Agreement (as defined in the DIP Order)), and (ii) the Prepetition Revolving Agent, on behalf of and as directed by the Prepetition Revolving Secured Parties (as defined in the DIP Order), in each case, shall have the right to

credit bid, subject to the Intercreditor Agreement (as defined in the DIP Order), up to the full amount of the applicable Prepetition Secured Debt (as defined in the DIP Order) in any bulk or piecemeal sale of all, or any portion of, the Bid Assets constituting Prepetition Collateral (as defined in the DIP Order). If the DIP Agent and/or any of the Prepetition Agents, as applicable, submit a credit bid in accordance with the foregoing, and such bid is received by the Bid Deadline, such bidder shall be deemed to be a Qualified Bidder and any such credit bid shall be deemed to be a Qualified Bid.

4. WIND-DOWN BUDGET

Notwithstanding anything contained in these Bidding Procedures, any bid (including a credit bid) shall be subject to (a) the Debtors having sufficient cash at the consummation of any sale of Bid Assets to satisfy the reasonable wind-down budget negotiated in good faith (the “**Wind-Down Budget**”) to pay all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to wind-down the Debtors’ estates in a reasonable and appropriate timeline, and (b) the requirement that the net proceeds of any sale pursuant to these Bidding Procedures shall first satisfy the Wind-Down Budget before repayment from such proceeds of any DIP Obligations, Adequate Protection Obligations, 507(b) Claims, Prepetition Secured Debt, or any other claims against the Debtors. At the closing of each Sale Transaction for Bid Assets, the Debtors shall deposit the sale proceeds from such Sale Transaction into a segregated account held by the Debtors pending the ultimate resolution (either by agreement or Court determination) and funding of the appropriate amount of the Wind-Down Budget; *provided, however*, that the Debtors shall be authorized to use a portion of such sale proceeds to pay, in accordance with the Approved Budget (as defined in the DIP Credit Agreement), all allowed (i) post-petition claims, (ii) administrative expense and priority claims, and (iii) professional fees and expenses necessary to administer the Debtors’ estates accrued through the closing of the final Sale Transaction in an amount either (y) agreed to by the Required Lenders and the Debtors or (z) as otherwise determined by the Bankruptcy Court. The Debtors shall not distribute any proceeds of any Sale Transaction prior to the funding of the Wind-Down Budget.

5. STALKING HORSE BIDDER AND BID PROTECTIONS

The Debtors are authorized, but not obligated, to exercise their business judgment (in consultation with the Consulting Parties) to agree with any Qualified Bidder that (a) such Qualified Bidder’s Qualified Bid shall serve as the minimum bid for the Bid Assets or any lot thereof (such Qualified Bidder, a “**Stalking Horse Bidder**” and, such Qualified Bid, a “**Stalking Horse Bid**”) and (b) the Debtors will enter into the transaction(s) contemplated in such Stalking Horse Bid unless a higher or otherwise better Qualified Bid is submitted with respect to such Bid Assets or lot thereof, as determined by the Debtors (in consultation with the Consulting Parties) in accordance with the Bidding Procedures. In order to incentivize prospective purchasers to agree to become a Stalking Horse Bidder, the Debtors are authorized, but not obligated, to exercise their business judgment (in consultation with the Consulting Parties) to offer the following bid protections to such Stalking Horse Bidder(s), payable if the Debtors consummate a sale pursuant to a Qualified Bid other than the Stalking Horse Bid (if the assets subject to such sale include those to which such Stalking Horse Bid relates): (a) payment of a break-up fee in an amount not to exceed three percent of the purchase price set forth in the Stalking Horse Bid (the

“**Break-Up Fee**”) and (b) reimbursement of the reasonable and documented fees and expenses of the Stalking Horse Bidder (the “**Expense Reimbursement**” and, together with the Break-Up Fee, the “**Bid Protections**”) in an amount up to \$1,000,000; *provided, however*, that (i) the payment of such Break-Up Fee and/or Expense Reimbursement shall be subject to the terms and conditions of the definitive agreement(s) executed between the Debtors and such Stalking Horse Bidder(s), (ii) any Break-Up Fee or Expense Reimbursement shall be subject to, and will not be binding on the Debtors until, entry of the Stalking Horse Order and the Sale Order, and (iii) no Break-Up Fee shall be paid to a credit bidder or insider of the Debtors. For the avoidance of doubt, the Debtors will provide Expense Reimbursement only to the Stalking Horse Bidder(s) and such expenses must be reasonable, documented, and subject to review by the Debtors. To the extent payable, any Bid Protections would be paid out of the proceeds of the sale to which they relate.

The Debtors are authorized to exercise their business judgment (in consultation with the Consulting Parties) to enter into a definitive agreement with a Stalking Horse Bidder providing for Bid Protections in accordance with the terms and conditions set forth herein; *provided that* the Debtors shall file a motion with the Bankruptcy Court (the “**Stalking Horse Motion**”), with no less than five calendar days’ notice of the objection deadline (the “**Stalking Horse Objection Deadline**”) to the U.S. Trustee, the DIP Secured Parties, each of the Prepetition Agents, Holdings, counsel to any official committee appointed in the Chapter 11 Cases, and those parties who have filed the appropriate notice pursuant to Bankruptcy Rule 2002 requesting notice of all pleadings filed in the Chapter 11 Cases, seeking entry of an order (the “**Stalking Horse Order**”) granting final approval of such Bid Protections to such Stalking Horse Bidder. If no party in interest objects to the Stalking Horse Motion prior to the Stalking Horse Objection Deadline, then the Debtors may file with the Bankruptcy Court the proposed Stalking Horse Order under certification of counsel. The Bankruptcy Court may schedule an expedited hearing to consider the relief sought in the Stalking Horse Motion.

If the Bankruptcy Court enters a Stalking Horse Order, the Debtors shall promptly serve it on each Potential Bidder. Further, until paid, any Break-Up Fee or Expense Reimbursement provided pursuant to the Stalking Horse Order shall constitute allowed superpriority administrative expense claims arising in the Chapter 11 Cases under sections 503(b), 507(a)(2), and 507(b) of the Bankruptcy Code; *provided, however*, that such superpriority claims shall be subject to the Carve-Out (as defined in the DIP Order) and the Wind-Down Budget, and shall in no circumstance be *pari passu* or senior to the claims granted to the DIP Secured Parties or the Prepetition Secured Parties; ~~*provided further, however, that the Debtors’ obligation to pay the Bid Protections shall be the joint and several obligations of the Debtors and shall survive termination of any definitive agreement reached between the Debtors and such Stalking Horse Bidder, dismissal or conversion of any of the Chapter 11 Cases, and confirmation of any plan of reorganization or liquidation.*~~

6. AUCTION

In the event that the Debtors timely receive more than one Qualified Bid, the Debtors shall conduct an auction (the “**Auction**”) for the Bid Assets. The Auction shall be in accordance with these Bidding Procedures and upon notice to all Qualified Bidders that have submitted Qualified Bids. The Auction shall be conducted at the offices of Davis Polk & Wardwell LLP,

450 Lexington Ave., New York, New York 10017 on September 3, 2019 at 10:00 a.m. (prevailing Eastern Time) or such later time on such day or such other place as the Debtors shall notify all Participating Parties (as defined below). If (a) no Qualified Bids are submitted by the Bid Deadline other than a Stalking Horse Bid, (b) only one Qualified Bid that is not a Stalking Horse Bid is submitted by the Bid Deadline, or (c) only one or more Partial Bids (as defined below) are submitted by the Bid Deadline for non-overlapping lots of the Bid Assets, the Debtors may in their discretion (in consultation with the Consulting Parties) elect to cancel the Auction, seek approval of the transactions contemplated in the Stalking Horse Bid, the Qualified Bid which is not a Stalking Horse Bid, or the transactions in respect of the such Partial Bids at the Sale Hearing (as defined below).

If any of the Qualified Bids submitted by the Bid Deadline are structured as a purchase of less than all or substantially all of the Debtors' assets (each such bid, a **"Partial Bid"**), the Debtors may conduct separate auctions at the Auction for each lot of assets (each, an **"Auction Lot"**) subject to a Partial Bid. The Debtors may designate each Auction Lot at any time prior to the Auction.

Only representatives or agents of the Debtors, the DIP Secured Parties, the Prepetition Secured Parties, Holdings, and the Qualified Bidders (and the legal and financial advisors to each of the foregoing) (collectively, the **"Participating Parties"**) will be entitled to attend the Auction, and only Qualified Bidders will be entitled to make any Subsequent Bids (as defined below) at the Auction. Each Qualified Bidder participating in the Auction must confirm that it (a) has not engaged in any collusion with respect to the bidding or the sale of any of the Bid Assets as described herein, (b) has reviewed, understands, and accepts these Bidding Procedures, (c) has consented to the jurisdiction of the Bankruptcy Court, and (d) intends to consummate its Qualified Bid if it is selected as the Successful Bid.

At least one day prior to the Auction, the Debtors will (a) notify each Qualified Bidder that has timely submitted a Qualified Bid that its bid is a Qualified Bid and (b) provide all Qualified Bidders with (i) copies of the Qualified Bid or combination of Qualified Bids that the Debtors believe is the highest or otherwise best offer (the **"Starting Bid"**), (ii) an explanation of how the Debtors value the Starting Bid, and (iii) a list identifying all of the Qualified Bidders and their respective Qualified Bids.

The Debtors may (in consultation with the Consulting Parties) employ and announce at the Auction additional procedural rules for conducting the Auction (*e.g.*, the amount of time allotted to submit Subsequent Bids), *provided, however*, that such rules shall (a) not be inconsistent with the Bankruptcy Code, the Bidding Procedures Order, or any other order of the Bankruptcy Court entered in connection herewith and (b) be disclosed to all Qualified Bidders.

Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding in the presence of all parties at the Auction, so long as during each round at least one subsequent bid (a **"Subsequent Bid"**) is submitted by a Qualified Bidder that (a) improves upon such Qualified Bidder's immediately prior Qualified Bid and (b) the Debtors determine in their discretion (in consultation with the Consulting Parties) that such Subsequent Bid is (i) with respect to the first round, a higher or otherwise better offer than the Starting Bid and (ii) with respect to subsequent rounds, a higher or otherwise better offer than the Leading Bid

(as defined below), in each case taking into account other Qualified Bids for other Bid Assets; *provided, however*, that with respect to the first round, if a Stalking Horse Bidder has been authorized pursuant to a Stalking Horse Order, any Qualified Bid must provide consideration at least equal to the Minimum Overbid. Notwithstanding anything else provided in the Motion, the Bidding Procedures Order, or herein, the Debtors in their discretion (in consultation with the Consulting Parties) may determine appropriate minimum bid increments or requirements for each round of bidding.

After the first round of bidding and between each subsequent round of bidding, as applicable, the Debtors will determine in their discretion (in consultation with the Consulting Parties) and announce the bid or bids that they believe to be the highest or otherwise best offer or combination of offers (the “**Leading Bid**”). Additional consideration in excess of the amount set forth in the Starting Bid may include cash and/or non-cash consideration; *provided, however*, that the value for such non-cash consideration shall be determined by the Debtors in their discretion (in consultation with the Consulting Parties).

A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge and written confirmation of the Leading Bid.

For the purpose of evaluating Subsequent Bids, the Debtors may require a Qualified Bidder submitting a Subsequent Bid to submit, as part of its Subsequent Bid, additional evidence (in the form of financial disclosure or credit-quality support information or enhancement acceptable to the Debtors in their discretion (in consultation with the Consulting Parties)) demonstrating such Qualified Bidder’s ability to close the proposed transaction.

The Debtors shall maintain a transcript of all bids made and announced at the Auction, including the Starting Bid(s), all Subsequent Bid(s), the Leading Bid(s), the Alternative Bid(s) (as defined below), and the Successful Bid(s).

If a Qualified Bidder increases its bid at the Auction and is the Successful Bidder or Alternate Bidder (as defined below), such bidder must increase its Good Faith Deposit to an amount equal to ten percent of the proposed purchase price submitted at the Auction within two days after the Auction.

7. SELECTION OF SUCCESSFUL BID(S) AND ALTERNATE BID(S)

Prior to the conclusion of the Auction, the Debtors shall (in consultation with the Consulting Parties) (a) review and evaluate each bid made at the Auction on the basis of financial and contractual terms and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale transaction, (b) determine and identify the highest or otherwise best offer or collection of offers (the “**Successful Bid(s)**”), (c) determine and identify the next highest or otherwise best offer or collection of offers (the “**Alternate Bid(s)**”), and (d) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of (i) the identity of the party or parties that submitted the Successful Bid(s) (the “**Successful Bidder(s)**”), (ii) the amount and other material terms of the Successful Bid(s), (iii) the identity of the party or parties that submitted the Alternate Bid(s) (the “**Alternate**

Bidder(s)”), and (iv) the amount and other material terms of the Alternate Bid(s). Each Qualified Bidder shall agree and be deemed to agree to be the Alternate Bidder if so designated. Notwithstanding anything in the Bidding Procedures to the contrary, any Qualified Bid submitted by the DIP Agent or the Prepetition Term Agent shall not be required to serve as an Alternate Bid absent consent of the DIP Agent or Prepetition Term Agent (as applicable). As soon as reasonably practicable after the completion of the Auction, the Successful Bidder(s) and the applicable Debtors shall complete and execute all agreements, instruments, and other documents necessary to consummate the applicable sale or other transaction(s) contemplated by the applicable Successful Bid(s). Promptly following the selection of the Successful Bid(s) and Alternate Bid(s), the Debtors shall file a notice of the Successful Bid(s) and Alternate Bid(s) with the Bankruptcy Court, together with a proposed order approving the transaction(s) contemplated therein (the “**Sale Order**”).

8. THE SALE HEARING

The hearing to consider the proposed Sale Order (the “**Sale Hearing**”) will be held on September ~~17~~, ~~18~~, 2019 at ~~10:00~~ ~~30~~ a.m. (prevailing Eastern time) before the Honorable Judge Mary F. Walrath, in the United States Bankruptcy Court for the District of Delaware, 824 N. Market St., Wilmington, Delaware 19801. The Sale Hearing may be adjourned by the Debtors (with the consent of the Required Lenders) by an announcement of the adjourned date at a hearing before the Bankruptcy Court or by filing a notice on the Bankruptcy Court’s docket. At the Sale Hearing, the Debtors will seek the Bankruptcy Court’s approval of the Successful Bid(s) and, at the Debtors’ election (in consultation with the Consulting Parties), the Alternate Bid(s).

The Debtors’ presentation to the Bankruptcy Court of the Successful Bid(s) and Alternate Bid(s) will not constitute the Debtors’ acceptance of such bid(s), which acceptance will only occur upon approval of such bid(s) by the Bankruptcy Court. Following the Bankruptcy Court’s entry of the Sale Order, the Debtors and the Successful Bidder(s) shall proceed to consummate the transaction(s) contemplated by the Successful Bid(s). If the Debtors and the Successful Bidder(s) fail to consummate the proposed transaction(s), then the Debtors shall file a notice with the Bankruptcy Court advising of such failure. Upon the filing of such notice with the Bankruptcy Court, the Alternate Bid(s) will be deemed to be the Successful Bid(s) and the Debtors will be authorized, but not directed, to effectuate the transaction(s) with the Alternate Bidder(s) subject to the terms of the Alternate Bid(s) of such Alternate Bidder(s) without further order of the Bankruptcy Court. If the failure to consummate the transaction(s) contemplated by the Successful Bid(s) is the result of a breach by the Successful Bidder(s) (the “**Breaching Bidder(s)**”) of its (their) Asset Purchase Agreement(s), the Debtors reserve the right to seek all available remedies from such Breaching Bidder(s), subject to the terms of the applicable Asset Purchase Agreement.

9. RETURN OF GOOD FAITH DEPOSIT

The Good Faith Deposits of all Qualified Bidders will be held in escrow by the Deposit Agent and will not become property of the Debtors’ bankruptcy estates unless released from escrow pursuant to terms of the applicable escrow agreement or pursuant to further order of the Bankruptcy Court. The Deposit Agent will retain the Good Faith Deposits of the Successful Bidder(s) and the Alternate Bidder(s) until the consummation of the transaction(s) contemplated

by the Successful Bid(s) or the Alternate Bid(s), as applicable, in accordance with Section 7 above, except as otherwise ordered by the Bankruptcy Court. The Good Faith Deposits (and all interest accrued thereon) of the other Qualified Bidders will be returned within four business days after the entry of the Sale Order. At the closing of the transaction contemplated by the Successful Bid(s), the Successful Bidder(s) will receive a credit in the amount of its Good Faith Deposit (plus all interest accrued thereon). All remaining Good Faith Deposits (and all interest accrued thereon) held by the Deposit Agent will be released by the Deposit Agent four business days after the consummation of the transaction(s) contemplated by the Successful Bid(s); provided, however, that the Deposit Agent will retain the Good Faith Deposit of a Breaching Bidder pending a ruling by the Bankruptcy Court as to the amount of damages owed, if any, by such Breaching Bidder to the Debtors.

10. AS IS, WHERE IS

The sale of the Bid Assets shall be on an “as is, where is” basis and without representations or warranties of any kind, nature or description by the Debtors, their agents, or their estates, except as provided in an Asset Purchase Agreement, as approved by the Bankruptcy Court.

11. FREE AND CLEAR OF ANY AND ALL INTERESTS

Except as otherwise provided in a Successful Bidder(s)’s Asset Purchase Agreement, all of the Debtors’ right, title and interest in and to the Bid Assets subject thereto shall be sold free and clear of any pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon (collectively, the “**Interests**”) to the maximum extent permitted by section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Bid Assets with the same validity and priority as such Interests applied against the Bid Assets.

12. RESERVATION OF RIGHTS OF THE DEBTORS

Except as otherwise provided in these Bidding Procedures or the Bidding Procedures Order, the Debtors reserve the right in their discretion (in consultation with the Consulting Parties) to:

- determine which Interested Parties are Potential Bidders;
- determine which bidders are Qualified Bidders;
- determine which bids are Qualified Bids;
- determine which Qualified Bid is the Starting Bid;
- determine which Qualified Bid is the highest or otherwise best offer for the Bid Assets and which is the next highest or otherwise best offer;
- reject any bid that the Debtors deem to be (a) inadequate or insufficient, (b) not in conformity with the requirements of

these Bidding Procedures or the requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules, or (c) contrary to the best interests of the Debtors and their estates;

- impose additional terms and conditions with respect to all Potential Bidders;
- designate a Stalking Horse Bidder;
- cancel the Auction;
- extend the deadlines set forth herein; and
- modify these Bidding Procedures and implement additional procedural rules that the Debtors determine, in their discretion (in consultation with the Consulting Parties), will better promote the goals of the Bidding Process and discharge the Debtors' fiduciary duties.

Nothing in these Bidding Procedures shall require the Debtors' board of directors to take any action, or to refrain from taking any action, with respect to these Bidding Procedures, to the extent that the Debtors' board of directors determines, or based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary duties under applicable law.

13. RESERVATION OF RIGHTS OF THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality, as set forth in its Limited Objection⁴, reserves its rights as follows:

The Texas Commission on Environmental Quality will object to any sale of these Bid Assets if the proposed order(s) approving the sale(s) does not include language to the effect of the following:

“Nothing in this Order or the Asset Purchase Agreement releases, nullifies, precludes or enjoins the enforcement of any police or regulatory liability to a governmental unit (including, but not limited to, the Texas Commission on Environmental Quality) that any entity would be subject to as the post-sale owner or operator of

⁴ See *The Texas Commission on Environmental Quality's Limited Objection to the Debtors' Motion for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Authorizing the Selection of a Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related Relief And (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 249] (the “**Limited Objection**”).

property after the date of entry of this Order. Nothing in this Order or the Asset Purchase Agreement authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements and approvals under police or regulatory law. Nothing in this Order divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or to adjudicate any defense asserted under this Order.”

14. RELEVANT DATES

June 12, 2019 at 11:30 a.m. (prevailing Eastern Time)	Hearing to consider approval of the Bidding Procedures and entry of the Bidding Procedures Order
June 14, 2019	Target date for the Debtors to file Potential Assumed Contracts Schedule
July 1, 2019 at 5:00 p.m. (prevailing Eastern Time)	Potential Bidder deadline
July 11, 2019 at 4:00 p.m. (prevailing Eastern Time)	Cure Objection Deadline
July 24, 2019 at 6:00 p.m. (prevailing Eastern Time)	Bid Deadline
August 30, 2019	Target date for the Debtors to notify Potential Bidders of their status as Qualified Bidders
September 3, 2019 at 10:00 a.m. (prevailing Eastern Time) or such later time as the Debtors shall notify all Participating Parties	Auction (if necessary) to be held at the offices of Davis Polk & Wardwell LLP (or such other place as the Debtors shall notify all Participating Parties).
September 5, 2019	Target date for the Debtors to file with the Bankruptcy Court the Notice of Auction Results
September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)	Deadline to object to the Sale Transaction to the Successful Bidder; and the Assumption and Assignment Objection Deadline
September 17, <u>18</u>, 2019 at 10:00 <u>30</u> a.m. (prevailing Eastern Time)	Hearing to consider approval of the Sale Transaction(s) and entry of the Sale Order(s)

Exhibit 2

Form of Sale Notice

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order.

parties interested in bidding should carefully read the Bidding Procedures Order and the Bidding Procedures in their entirety.³

Contact Persons for Parties Interest in Submitting a Bid

The Bidding Procedures set forth the requirements for submitting a Qualified Bid, and any person interested in making an offer to purchase the Bid Assets must comply strictly with the Bidding Procedures. Only Qualified Bids will be considered by the Debtors, in accordance with the Bidding Procedures.

Any interested bidder should contact, as soon as practicable:

EVERCORE GROUP L.L.C.⁴
55 East 52nd Street
New York, NY 10055
Attn.: Robert A. Pacha, Stephen Hannan
Pacha@evercore.com
Hannan@evercore.com
(tel.) +1 (713) 403-2441
(tel.) +1 (212) 857-7423

Obtaining Additional Information

Copies of the Bidding Procedures Motion and the Bidding Procedures Order, as well as all related exhibits (including the Bidding Procedures) and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by email at SouthcrossInfo@kccllc.com.

Important Dates and Deadlines⁵

1. **Potential Bidder Deadline.** The deadline for interested parties to furnish information to Evercore to be considered a Potential Bidder in accordance with the Bidding Procedures is **July 1, 2019 at 5:00 p.m. (prevailing Eastern Time).**
2. **Bid Deadline.** The deadline to submit a Qualified Bid is **July 24, 2019 at 6:00 p.m. (prevailing Eastern Time).**
3. **Auction.** In the event that the Debtors timely receive more than one Qualified Bid (whether or not there is a Stalking Horse Bid), and subject to the satisfaction of any further conditions set forth in the Bidding Procedures, the Debtors intend to conduct an Auction for the Bid Assets. The Auction, if one is held, will be conducted at the offices

³ To the extent of any inconsistencies between the Bidding Procedures and the summary descriptions of the Bidding Procedures in this notice, the terms of the Bidding Procedures shall control in all respects.

⁴ Evercore Group L.L.C., in its capacity as financial advisor the Debtors, is referred to herein as "**Evercore.**"

⁵ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 on **September 3, 2019 at 10:00 a.m. (prevailing Eastern Time)** or such later time on such day or such other place as the Debtors shall notify all Participating Parties.

4. **Auction and Sale Objections Deadline.** The deadline to file an objection with the Court to the Sale Order, the conduct of the Auction, or the Sale Transaction (including objections relating to the Stalking Horse Bidder(s), if any) (collectively, the “**Sale Objections**”) is **September 10, 2019 at 4:00 pm. (prevailing Eastern Time)** (the “**Sale Objection Deadline**”).
5. **Sale Hearing.** A hearing (the “**Sale Hearing**”) to consider the proposed Sale Transaction will be held before the Court on, **September 17, 18, 2019 at 11:00:00 a.m. (prevailing Eastern Time)** or such other date as determined by the Court, at 824 North Market Street, Wilmington, Delaware 19801.

Filing Objections

Sale Objections, if any, must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (d) be filed with the Court no later than the Sale Objection Deadline, and (e) no later than the Sale Objection deadline, be served on (1) counsel to the Debtors, (A) 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 (B) 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; (2) 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; (3) counsel to Wilmington Trust, N.A., the administrative agent under Southcross’s prepetition secured term loan facility and post-petition credit facility (A) 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 (B) Duane Morris LLP, 222 Delaware Avenue, Suite 1600, Wilmington, Delaware 19801-1659, Attn: Christopher M. Winter; (4) counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (A) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019-6099, Attn: Joseph G. Minias, Paul V. Shalhoub, and Debra C. McElligott and (B) Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Edmon L. Morton and Matthew B. Lunn; (5) counsel to any official committee appointed in the Chapter 11 Cases; (6) 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 (7) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any party or entity who fails to timely make an objection to the Sale Transaction on or before the Sale Objection Deadline in accordance with the Bidding Procedures Order and this Notice shall be forever barred from asserting any objection to the Sale Transaction, including with respect to the transfer of the assets free and clear of all liens, claims, encumbrances, and other interests.

NO SUCCESSOR LIABILITY

The Debtors provide midstream services to natural gas producers and customers, including natural gas gathering, processing, treatment, and compression and access to natural gas liquid (“NGL”) fractionation and transportation services and also purchase and sell natural gas and NGLs. For more information on the Debtors’ businesses or their products, refer to the Declaration of Michael B. Howe in Support of Debtors’ Chapter 11 Proceedings and First Day Pleadings [D.I. 2] (the “Howe Declaration”). The Sale Transaction will be free and clear of, among other things, any claim arising from any conduct of the Debtors prior to the closing of the Sale Transaction, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such claim arises out of or relates to events occurring prior to the closing of the Sale Transaction. Accordingly, as a result of the Sale Transaction, the Successful Bidder (whether or not a Stalking Horse Bidder) will not be a successor to any of the Debtors by reason of any theory of law or equity, and will have no liability, except as expressly provided in a definitive agreement reached between the Debtors and Successful Bidder approved by the Court, for any liens, claims, encumbrances, and other interests against or in any of the Debtors under any theory of law, including successor liability theories.

[Remainder of This Page Intentionally Left Blank]

Dated: _____, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ DRAFT_____

Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
Joseph C. Barsalona II (No. 6102)
Eric W. Moats (No. 6441)
1201 North Market Street, 16th Floor
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Fax: (302) 658-3989
rdehney@mnat.com
aremming@mnat.com
jbarsalona@mnat.com
emoats@mnat.com

-and-

DAVIS POLK & WARDWELL LLP
Marshall S. Huebner (admitted *pro hac vice*)
Darren S. Klein (admitted *pro hac vice*)
Steven Z. Szanzer (admitted *pro hac vice*)
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450 Lexington Avenue
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marshall.huebner@davispolk.com
darren.klein@davispolk.com
steven.szanzer@davispolk.com

benjamin.schak@davispolk.com

Counsel to the Debtors and Debtors in Possession

Exhibit 3

Form of Potential Assumption and Assignment Notice

PLEASE TAKE FURTHER NOTICE that, on [●], 2019 the Court entered an order (the “**Bidding Procedures Order**”)² approving, among other things, the Bidding Procedures, which establish the key dates and times related to the Sale Transaction, the Auction, and the Assumption and Assignment Procedures.

PLEASE TAKE FURTHER NOTICE that, upon the closing of the Sale Transaction, the Debtors intend to assume and assign to the Successful Bidder(s) (whether or not a Stalking Horse Bidder) the Potential Assumed Contracts. A schedule listing the Potential Assumed Contracts (the “**Potential Assumed Contracts Schedule**”) is attached hereto and may also be accessed free of charge on the Debtors’ case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by email at SouthcrossInfo@kccllc.com. In addition, the outstanding “**Cure Costs**” calculated as of the Petition Date, if any, necessary for the assumption and assignment of the Potential Assumed Contracts are set forth on the Potential Assumed Contracts Schedule. ***Each Cure Cost listed on the Potential Assumed Contracts Schedule represents all liabilities of any nature of the Debtors arising under an Assumed Contract or Assumed Lease as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.***

YOU ARE RECEIVING THIS NOTICE BECAUSE YOU HAVE BEEN IDENTIFIED AS A COUNTERPARTY TO A POTENTIAL ASSUMED CONTRACT. Under the terms of the Assumption and Assignment Procedures, (a) at or prior to the closing of the Sale Transaction, a Successful Bidder may elect, in its sole and absolute discretion, (i) to exclude any contract or lease on the Potential Assumed Contracts Schedule as an Assumed Contract or Assumed Lease, as applicable (in which case it shall become an Excluded Contract or Excluded Lease, as applicable), or (ii) to include on the Proposed Assumed Contracts Schedule any contract or lease listed on the Potential Assumed Contracts Schedule, by providing to the Debtors written notice of its election to exclude or include such contract or lease, as applicable, (b) if the Debtors or any Successful Bidder identify during the pendency of the Chapter 11 Cases (before or after the closing of the Sale Transaction) any contract or lease that is not listed on the Proposed Assumed Contracts Schedule, and such contract or lease has not been rejected by the Debtors, the Successful Bidder may in its sole and absolute discretion elect by written notice to the Debtors to treat such contract or lease as an Assumed Contract or Assumed Lease, as applicable, and the Debtors shall seek to add such Assumed Contract or Assumed Lease to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule, as applicable, in accordance with Paragraph 31 of the Bidding Procedures Order, and (c) following the Auction, the Debtors may, in accordance with the applicable Asset Purchase Agreement, or as otherwise agreed by the Debtors and the Successful Bidder(s), at any time before the closing of the Sale Transaction, modify the previously-stated Cure Costs associated with any Proposed Assumed Contract. The Assumption and Assignment Procedures further provide that any Counterparty whose previously-stated Cure Cost is modified will receive notice thereof and an opportunity to file a Supplemental Assignment Objection. **The assumption and assignment of the Contracts and Leases on the Potential Assumed Contracts Schedule is not guaranteed**

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order.

and is subject to approval by the Court and the Debtors' or Successful Bidder's right to remove an Assumed Contract or Assumed Lease from the Potential Assumed Contracts Schedule and Proposed Assumed Contracts Schedule.

Obtaining Additional Information

Copies of the Bidding Procedures Motion and the Bidding Procedures Order, as well as all related exhibits (including the Bidding Procedures) and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by email at SouthcrossInfo@kccllc.com.

Filing Assumption and Assignment Objections

Pursuant to the Assumption and Assignment Procedures, objections to the potential assumption and assignment of an Assumed Contract or Assumed Lease (an “**Assumption and Assignment Objection**”) with respect to the ability of a Successful Bidder to provide adequate assurance of future performance, must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Cost that the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, (d) by no later than **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Assumption and Assignment Objection Deadline**”), (i) be filed with the Court and (ii) be served on (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 (collectively, the “**Objection Notice Parties**”).

Pursuant to the Assumption and Assignment Procedures, an Assumption and Assignment Objection relating to proposed Cure Cost (a **“Cure Objection”**), must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Cost that the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, and (d) by no later than **July 11, 2019 at 4:00 p.m. (the “Cure Objection Deadline”)**, (1) be filed with the Court and (2) be served on the Objection Notice Parties.

Pursuant to the Assumption and Assignment Procedures, objections to the potential assumption and assignment of an Assumed Contract or Assumed Lease by a party whose contract or lease is listed on a Supplemental Assumption and Assignment Notice (a **“Supplemental Assumption and Assignment Objection”**) with respect to the ability of a Successful Bidder to provide adequate assurance of future performance or relating to the Cure Costs (to the extent modified from the previously-stated amount) must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, and (d) by no later than **14 days from the date of service of such Supplemental Assumption and Assignment Notice**, (1) be filed with the Court and (2) be served on the Objection Notice Parties.

Objections to the Sale Order, the conduct of the Auction or the Sale Transaction (collectively, the **“Sale Objections”**), must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) comply with the Bankruptcy Code, Bankruptcy Rules and Local Rules, (d) **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** by (the **“Sale Objection Deadline”**) be (1) filed with the Court and (2) served on the Objection Notice Parties.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any Counterparty to a contract or lease who fails to timely make an objection to the potential assumption and assignment of such contract or lease on or before the Assumption and Assignment Objection Deadline in accordance with the Assumption and Assignment Procedures, the Bidding Procedures Order, and this Notice (or in the case of a Supplemental Assumption and Assignment Objection, by 14 days from the date of service of such Supplemental Assumption and Assignment Notice) shall be deemed to have consented to the assumption and assignment of such contract or lease, including the outstanding Cure Costs calculated as of the Petition Date (if any), set forth in the Potential Assumption and Assignment Notice or Supplemental Assumption and Assignment Notice, and shall be forever barred from asserting any objection or claims against the Debtors, the Successful Bidder (whether or not a Stalking Horse Bidder), or the property of any such parties, relating to the assumption and assignment of such contract or lease, including asserting additional Cure Costs with respect to such contract or lease. Notwithstanding anything to the contrary in such contract or lease, or any other document, the Cure Costs set forth in the Potential Assumption and Assignment Notice or Supplemental Assumption and Assignment Notice shall be controlling and will be the only amount necessary to cure outstanding defaults under the applicable Assumed Contract or Assumed Lease under section 365(b) of the Bankruptcy Code as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.

Other Important Dates and Deadlines³

In addition to the dates and deadlines described above with respect to filing Assumption and Assignment Objections, Cure Objections, and Supplemental Assumption and Assignment Objections, note the following important dates and deadlines:

1. **Auction.** In the event that the Debtors timely receive more than one Qualified Bid (whether or not there is a Stalking Horse Bidder) and subject to the satisfaction of any further conditions set forth in the Bidding Procedures, the Debtors intend to conduct an Auction for the Bid Assets. The Auction, if one is held, will be conducted at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 on **September 3, 2019 at 10:00 a.m. (prevailing Eastern Time)** or such later time on such day or such other place as the Debtors shall notify all Participating Parties.
2. **Sale Hearing.** A hearing (the “Sale Hearing”) to consider the proposed Sale Transaction will be held before the Court on **September 17, 18, 2019 at 11:00:00 30 a.m. (prevailing Eastern Time)** or such other date as determined by the Court at 824 North Market Street, Wilmington, Delaware 19801.

[Remainder of This Page Intentionally Left Blank]

³ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

Dated: _____, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ DRAFT_____

Robert J. Dehney (No. 3578)
Andrew R. Remming (No. 5120)
Joseph C. Barsalona II (No. 6102)
Eric W. Moats (No. 6441)
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-and-

DAVIS POLK & WARDWELL LLP
Marshall S. Huebner (admitted pro hac vice)
Darren S. Klein (admitted pro hac vice)
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benjamin.schak@davispolk.com

Counsel to the Debtors and Debtors in Possession

Exhibit 4

Form of Proposed Assumption and Assignment Notice

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

In re:)	
	)	Chapter 11
SOUTHCROSS ENERGY PARTNERS, L.P.,	)	Case No. 19-10702 (MFW)
)	
Debtors. ¹	)	(Jointly Administered)
)	
)	

**NOTICE OF PROPOSED ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS OR UNEXPIRED LEASES AND CURE AMOUNT**

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**Court**”) on April 1, 2019 (the “**Petition Date**”).

PLEASE TAKE FURTHER NOTICE that, on May 22, 2019 the above-captioned debtors and debtor in possession (collectively, the “**Debtors**”) filed a motion (the “**Bidding Procedures Motion**”) with the Court seeking entry of orders, among other things, approving (a) procedures for the solicitation of bids in connection with the potential sale (the “**Sale Transaction**”) of all or substantially all of the Debtors’ assets (collectively, the “**Bid Assets**”), subject to an auction process (the “**Auction**”) that may include the selection of one or more stalking horse bidders (the “**Stalking Horse Bidder(s)**”), (b) the form and manner of notice related to the Sale Transaction, and (c) procedures for the assumption and assignment of contracts and leases in connection with the Sale Transaction (the “**Assumption and Assignment Procedures**”).

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.

PLEASE TAKE FURTHER NOTICE that, on [●], 2019 the Court entered an order (the “**Bidding Procedures Order**”)² approving, among other things, the Bidding Procedures, which establish the key dates and times related to the Sale Transaction, the Auction, and the Assumption and Assignment Procedures.

PLEASE TAKE FURTHER NOTICE that, on **September 3, 2019 at 10:00 a.m. (prevailing Eastern Time)** the Debtors held an Auction at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017.

PLEASE TAKE FURTHER NOTICE that, upon the closing of the Sale Transaction, the Debtors intend to assume and assign to the Successful Bidder(s) (whether or not a Stalking Horse Bidder) the Proposed Assumed Contracts. A schedule listing the Proposed Assumed Contracts (the “**Proposed Assumed Contracts Schedule**”) is attached hereto and may also be accessed free of charge on the Debtors’ case information website, located at <http://www.kccellc.net/southcrossenergy> or can be requested by e-mail at SouthcrossInfo@kccellc.com. In addition, the outstanding “**Cure Costs**” calculated as of the Petition Date, if any, necessary for the assumption and assignment of the Proposed Assumed Contracts are set forth on the Proposed Assumed Contracts Schedule. ***Each Cure Cost listed on the Proposed Assumed Contracts Schedule represents all liabilities of any nature of the Debtors arising under an Assumed Contract or Assumed Lease as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent, or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.***

YOU ARE RECEIVING THIS NOTICE BECAUSE YOU HAVE BEEN IDENTIFIED AS A COUNTERPARTY TO A PROPOSED ASSUMED CONTRACT. Under the terms of the Assumption and Assignment Procedures, (a) at or prior to the closing of the Sale Transaction, a Successful Bidder may elect, in its sole and absolute discretion, (i) to exclude any contract or lease on the Proposed Assumed Contracts Schedule as an Assumed Contract or Assumed Lease, as applicable (in which case it shall become an Excluded Contract or Excluded Lease, as applicable), or (ii) to include on the Proposed Assumed Contracts Schedule any contract or lease listed on the Potential Assumed Contracts Schedule, by providing to the Debtors written notice of its election to exclude or include such contract or lease, as applicable (b) if the Debtors or any Successful Bidder identify during the pendency of the Chapter 11 Cases (before or after the closing of the Sale Transaction) any contract or lease that is not listed on the Proposed Assumed Contracts Schedule, and such contract or lease has not been rejected by the Debtors, the Successful Bidder may in its sole and absolute discretion elect by written notice to the Debtors to treat such contract or lease as an Assumed Contract or Assumed Lease, as applicable, and the Debtors shall seek to add such Assumed Contract or Assumed Lease to the Potential Assumed Contracts Schedule or Proposed Assumed Contracts Schedule, as applicable, in accordance with Paragraph 31 of the Bidding Procedures Order, and (c) following the Auction, the Debtors may, in accordance with the applicable Asset Purchase Agreement, or as otherwise agreed by the Debtors and the Successful Bidder(s), at any time before the closing of the Sale Transaction, modify the previously-stated Cure Costs associated with any Proposed

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order.

Assumed Contract. The Assumption and Assignment Procedures further provide that any Counterparty whose previously-stated Cure Cost is modified will receive notice thereof and an opportunity to file a Supplemental Assumption and Assignment Objection. **The assumption and assignment of the Contracts and Leases on the Proposed Assumed Contracts Schedule is not guaranteed and is subject to approval by the Court and the Debtors' or Successful Bidder's right to remove an Assumed Contract or Assumed Lease from the Proposed Assumed Contracts Schedule.**

Obtaining Additional Information

Copies of the Bidding Procedures Motion and the Bidding Procedures Order, as well as all related exhibits (including the Bidding Procedures) and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccllc.net/southcrossenergy> or can be requested by e-mail at SouthcrossInfo@kccllc.com.

Filing Assumption and Assignment Objections

Pursuant to the Assumption and Assignment Procedures, objections to the proposed assumption and assignment of an Assumed Contract or Assumed Lease (an “**Assumption and Assignment Objection**”) with respect to the ability of a Successful Bidder to provide adequate assurance of future performance, must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (c) state, with specificity, the legal and factual bases thereof, including, if applicable, the Cure Cost that the Counterparty believes is required to cure defaults under the relevant Assumed Contract or Assumed Lease, (d) by no later than **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Assumption and Assignment Objection Deadline**”), (i) be filed with the Court and (ii) be served on (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 (collectively, the “**Objection Notice Parties**”).

Sale Objections (as defined below), if any, must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) comply with the Bankruptcy Code, Bankruptcy Rules and Local Rules, (d) by **September 10, 2019 at 4:00 p.m. (prevailing Eastern Time)** (the “**Sale Objection Deadline**”) (1) be filed with the Court and (2) be served on the Objection Notice Parties.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any Counterparty to an Assumed Contract or Assumed Lease who fails to timely make an objection to the proposed assumption and assignment of such contract or lease on or before the Assumption and Assignment Objection Deadline in accordance with the Assumption and Assignment Procedures, the Bidding Procedures Order and this Notice shall be deemed to have consented with respect to the ability of a Successful Bidder to provide adequate assurance of future performance (and the Debtors’ proposed Cure Costs, to the extent modified from the previously-stated amount) and shall be forever barred from asserting any objection or claims against the Debtors, the Successful Bidder (whether or not a Stalking Horse Bidder), or the property of any such parties, relating to the assumption and assignment of such contract or lease, (including asserting additional Cure Costs with respect to such contract or lease). Notwithstanding anything to the contrary in such contract or lease, or any other document, the Cure Costs set forth in the Potential Assumption and Assignment Notice, Proposed Assumption and Assignment Notice, or Supplemental Assumption and Assignment Notice (as applicable), shall be controlling and will be the only amount necessary to cure outstanding defaults under the applicable Assumed Contract or Assumed Lease under section 365(b) of the Bankruptcy Code as of the Petition Date, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent or otherwise, so long as such liabilities arise out of or relate to events occurring prior to the Petition Date.

Other Important Dates and Deadlines³

In addition to the dates and deadlines described above with respect to filing Assumption and Assignment Objections, note the following important dates and deadlines:

1. **Auction and Sale Objections Deadline.** The deadline to file an objection with the Court to the Sale Order, the conduct of the Auction or the Sale Transaction (including objections relating to the Stalking Horse Bidder(s), if any, or the Proposed Assumed Contracts Schedule) (collectively, the “**Sale Objections**”) is the **Sale Objection Deadline**.
2. **Sale Hearing.** A hearing (the “**Sale Hearing**”) to consider the proposed Sale Transaction will be held before the Court on, **September 17, 18, 2019 at 11:00:00 a.m. (prevailing Eastern Time)** or such other date as determined by the Court at 824 North Market Street,

³ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

Wilmington, Delaware 19801.

Dated: _____, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS, ARSHT & TUNNELL
LLP

/s/ Draft_____

Robert J. Dehney (No. 3578)

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Counsel to the Debtors and Debtors in

Possession

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