

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

In re:

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

Debtors.¹

Chapter 11

Case No. 19-10702 (MFW)

(Jointly Administered)

Objection Deadline: August 30, 2019 at 4:00 p.m. (ET)
Hearing Date: Sept. 18, 2019 at 10:30 a.m. (ET)

**COVER SHEETS TO FIRST INTERIM FEE APPLICATION OF
EVERCORE GROUP L.L.C., DEBTORS'
INVESTMENT BANKER AND FINANCIAL ADVISOR,
FOR ALLOWANCE OF AN ADMINISTRATIVE CLAIM FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
FROM APRIL 1, 2019 THROUGH JUNE 30, 2019**

Name of Applicant:	Evercore Group L.L.C.
Authorized to provide professional services to:	The above-captioned Debtors
Date of retention:	May 6, 2019 <i>nunc pro tunc</i> to April 1, 2019
Period for which compensation and reimbursement is sought:	April 1, 2019 – June 30, 2019
Compensation sought as actual, reasonable and necessary:	\$1,406,250.00
Expense reimbursement sought as actual, reasonable, and necessary:	\$16,442.21 ²

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 Prior to the Petition Date, Evercore received \$10,000.00 from the Debtors as an expense retainer. All \$10,000.00 of this retainer was applied toward \$12,410.90 of incurred pre-petition expenses. \$2,410.90 of pre-petition expenses (the amount in excess of \$10,000.00) were written off.



This is an **interim** fee application.³

³ Notice of this Interim Fee Application shall be served in accordance with the Interim Compensation Order (as defined below) and objections to payment of the amounts described in this Interim Fee Application shall be addressed in accordance with such order.

Summary of Prior Statements, Applications, Allowances and Compensation Sought
April 1, 2019, Through June 30, 2019

Date & Docket No.	Period Covered	Requested Fees	Requested Expenses	CNO Date & Docket No.	Approved Fees	Approved Expenses	Amounts Paid	Amount Due
5/31/19 [243]	4/1/19 - 4/30/19	\$787,500.00	\$925.65	6/17/19 [330]	\$630,000.00	\$925.65	\$630,925.65	\$157,500.00
6/27/19 [346]	5/1/19 - 5/31/19	468,750.00	7,881.64	7/12/19 [369]	375,000.00	7,881.64	382,881.64	93,750.00
7/23/19 [392]	6/1/19 - 6/30/19	150,000.00	7,634.92	8/7/19 [412]	120,000.00	7,634.92	127,634.92	30,000.00
Total	4/1/19 - 6/30/19	\$1,406,250.00	\$16,442.21		\$1,125,000.00	\$16,442.21	\$1,141,442.21	\$281,250.00

Hours by Professional

Evercore professionals rendering services during the Fee Period were:

April 2019

Professional	Title	Total Hours
Stephen Hannan	Senior Managing Director	14.0
Robert Pacha	Senior Managing Director	47.0
Avinash D'Souza	Managing Director	33.5
Alex Jeffries	Vice President	93.0
Evan Levine	Associate	58.0
Ruey Sung Ku	Associate	128.5
Michael Winterholler	Associate	256.0
Andrew Kilbourne	Analyst	49.5
Daisy Ding	Analyst	88.0
April 2019 Total		767.5

May 2019

Professional	Title	Total Hours
Stephen Hannan	Senior Managing Director	12.0
Robert Pacha	Senior Managing Director	62.0
Avinash D'Souza	Managing Director	17.5
Alex Jeffries	Vice President	80.0
Evan Levine	Associate	40.5
Ruey Sung Ku	Associate	152.0
Michael Winterholler	Associate	194.5
Andrew Kilbourne	Analyst	14.0
Daisy Ding	Analyst	99.0
May 2019 Total		671.5

June 2019

Professional	Title	Total Hours
Stephen Hannan	Senior Managing Director	14.0
Robert Pacha	Senior Managing Director	65.5
Avinash D'Souza	Managing Director	8.0
Alex Jeffries	Vice President	121.0
Evan Levine	Associate	29.5
Ruey Sung Ku	Associate	167.5
Sagar Vaidya	Associate	7.5
Michael Winterholler	Associate	107.0
Daisy Ding	Analyst	200.0
Josh Levy	Analyst	95.0
Alex Li	Analyst	12.0
June 2019 Total		827.0

Total	2,266.0
--------------	----------------

(Evercore does not charge hourly rates to the Debtors and no hourly rates are associated with these professionals.)

Hours by Matter

Hours expended by these professionals by matter during the Fee Period were:

April 2019

Matter Number	Matter Description	Total Hours
1	General Case Administration	43.5
2	Due Diligence	33.5
3	Financing	67.0
4	Asset Sales	584.0
5	Plan of Reorganization / Disclosure Statement	0.5
6	Board Communication	9.0
7	Creditor / Vendor Communication	9.0
8	Travel	13.0
9	Evercore Retention / Fee Applications	8.0
April 2019 Total		767.5

May 2019

Matter Number	Matter Description	Total Hours
1	General Case Administration	18.0
2	Due Diligence	11.0
3	Financing	11.5
4	Asset Sales	614.5
5	Plan of Reorganization / Disclosure Statement	0.0
6	Board Communication	3.0
7	Creditor / Vendor Communication	5.5
8	Travel	0.0
9	Evercore Retention / Fee Applications	8.0
May 2019 Total		671.5

June 2019

Matter Number	Matter Description	Total Hours
1	General Case Administration	13.0
2	Due Diligence	96.0
3	Financing	0.0
4	Asset Sales	684.5
5	Plan of Reorganization / Disclosure Statement	0.5
6	Board Communication	7.5
7	Creditor / Vendor Communication	2.5
8	Travel	11.0
9	Evercore Retention / Fee Applications	12.0
June 2019 Total		827.0

Total		2,266.0
--------------	--	----------------

Summary of Expenses by Category Allocation

Matter Description	Total Expenses
Meals	\$1,063.08
Transportation / Travel	1,747.13
Legal	13,632.00
Total Expenses	\$16,442.21

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

In re:

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

Debtors.¹

Chapter 11

Case No. 19-10702 (MFW)

(Jointly Administered)

**FIRST INTERIM FEE APPLICATION OF EVERCORE GROUP L.L.C.,
DEBTORS' INVESTMENT BANKER AND FINANCIAL ADVISOR,
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD FROM APRIL 1, 2019 THROUGH JUNE 30, 2019**

Pursuant to sections 327, 328, 330, and 331 of chapter 11 of title 11 of the United States Code, (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the *Order Approving Application of Debtors for Authority to (I) Employ and Retain Evercore Group L.L.C. as Investment Banker for the Debtors Nunc Pro Tunc to the Petition Date and (II) Waive Certain Information Disclosure Requirements*, dated May 6, 2019 [Docket No. 192] (the “**Retention Order**”), the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals*, dated May 6, 2019 [Docket No. 191] (the “**Interim Compensation Order**”), Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of

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.

Delaware (the “**Local Bankruptcy Rules**”), and the United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. §330 (the “**Appendix A Guidelines**”), Evercore Group L.L.C. (“**Evercore**”), investment banker and financial advisor to the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”), submits this interim fee application (this “**Application**”) seeking compensation equal to \$1,406,250.00 in fees for professional services rendered by Evercore during the above-captioned period (the “**Fee Period**”), and for reimbursement of expenses incurred in the amount of \$16,442.21.

Jurisdiction and Venue

1. The United States Bankruptcy Court for the District of Delaware (the “**Court**”) has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012.

2. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2) and, pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court in connection with this Application to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. Venue of the Chapter 11 Cases and related proceedings is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

4. On April 1, 2019 (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Court has appointed David M. Klauder of Bielli & Klauder, LLC as the Fee examiner. Andrew R. Vara is the Acting United States Trustee.

6. Additional information about the Debtors' businesses and affairs, capital structure and prepetition indebtedness, and the events leading up to the Petition Date, can be found in the *Declaration of Michael B. Howe in Support of Debtors' Chapter 11 Proceedings and First Day Pleadings* (the "**Howe Declaration**"), which is incorporated herein by reference.

7. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) and the *Order Directing Joint Administration of Chapter 11 Cases* [D.I. 48] entered by the Court on April 2, 2019 in each of the Chapter 11 Cases.

8. On April 16, 2019, the Debtors filed an application to employ Evercore, pursuant to the terms and conditions of that certain engagement letter, dated March 12, 2019, as their investment banker and financial advisor [Docket No. 192] (the "**Retention Application**"). On May 6, 2019, this Court entered the Retention Order approving Evercore's retention *nunc pro tunc* to the Petition Date. The Retention Order approves Evercore's Fee and Expense Structure (as defined in the Retention Application), pursuant to Section 328(a) of the Bankruptcy Code, subject to the terms of the Retention Order.

Summary of Services Rendered During the Fee Period

9. Evercore submits that the investment banking services and advice it rendered to the Debtors as in connection with the Chapter 11 Cases during the Fee Period, all at the direction of the Debtors or their counsel, were necessary and beneficial to the Debtors, their creditors and their estates. These services were performed at a high level and were often subject to significant time constraints. These services were necessary to address a multitude of critical issues both unique to these Chapter 11 Cases and typically faced by large corporate debtors in similar cases.

10. To provide a meaningful summary of its services provided on behalf of the Debtors and their estates, Evercore has established, in accordance with its internal procedures, certain

subject matters categories (each, a “Matter Category”) in connection with these Chapter 11 Cases.

11. The following is a summary, by Matter Category, of the most significant professional services provided by Evercore during the Fee Period. This summary is organized in accordance with Evercore’s internal system of matter numbers.²

(i) General Case Administration, Matter Category 1

Total Hours: 74.5

12. This category includes time spent by Evercore along, or in conjunction with, the Debtors and their counsel and other professionals, in connection with the status or strategy of the case. In addition, Evercore reviewed court documents filed by the Debtors and other parties-in-interest, except as such related to retention. As referenced above, the time records in this category do not reflect hours worked by Evercore employees before the Petition Date.

13. A majority of the time spent in this category was on preparing for, participating in and/or leading meetings and conference calls with the lenders or with the Company and its other advisors.

(ii) Due Diligence, Matter Category 2

Total Hours: 140.5

14. This category includes time spent by Evercore extending its understanding of the business of the Debtors, including by means of management meetings, document review, and analysis. This category also include time spent by Evercore extending its understanding of the industry in which the Debtors compete, conducting financial analysis of the Debtors’ business,

² A complete description of each time record can be found in Evercore’s monthly fee applications. *See* Docket Nos. 243, 346, 392.

including reviewing and analyzing key operational and financial aspects and reviewing other relevant financial analysis.

(iii) Financing, Matter Category 3

Total Hours: 78.5

15. This category includes time spent by Evercore reviewing and structuring the terms of the proposed DIP financing. Specifically, Evercore worked with the Debtors' counsel to analyze and respond to multiple informal objections from certain creditors with respect to the structure of the DIP facility, including certain treatment with respect to roll-ups and new money participations. It also includes time spent working with ratings agencies to assign and finalize the private ratings applicable to the DIP facility.

(iv) Asset Sales, Matter Category 4

Total Hours: 1,883.0

16. This category includes time spent by Evercore advising the Debtors on the sale of the Debtors' assets, including developing marketing materials and a target buyer list, organizing the Debtors' data in a virtual data room, contacting potential buyers, assisting potential buyers with due diligence, structuring potential transactions, negotiating with buyers, attempting to secure bids for substantially all of the Company's assets and evaluating indications of interest and proposals regarding the asset sales.

17. As part of the asset sale process, Evercore contacted over 65 potential purchasers, and the Debtors executed non-disclosure agreements with over 35 of such parties with respect to a sale of all or some of the Debtors' assets. Evercore provided additional detail to those parties, including access to confidential diligence materials. In May 2019, the Debtors received non-binding indications of interest from 21 parties for all or some of the Debtors' assets.

(v) Plan of Reorganization and Disclosure Statement, Matter Category 5

Total Hours: 1.0

18. This category includes time spent by Evercore assisting the debtors in developing a plan of reorganization and disclosure statement.

(vi) Board Communications, Matter Category 6

Total Hours: 19.5

19. This category includes time spent by Evercore participating in meetings, conference calls and correspondences with the Debtors' Board of Directors. The category also includes time spent drafting and developing presentations to the Board of Directors and responding to the Board's due diligence requests.

(vii) Creditor/Vendor Communication, Matter Category 7

Total Hours: 17.0

20. This category includes time spent by Evercore negotiating and discussing a wide range of issues with creditors, vendors, other parties-in-interest and their respective legal and financial advisors. The category also includes time spent drafting and developing presentations for creditors and other parties-in-interest and in responding to their due diligence requests.

21. During the Fee period, particular notable services under this Matter Category included the following: discussions with various creditors and assisting the Company with diligence requests from creditors.

(viii) Travel, Matter Category 8

Total Hours: 24.0

22. This category includes time spent traveling to and from the Debtors' offices, to Court hearings or to other destinations on the Debtors' behalf.

(ix) Evercore Retention, Matter Category 9

Total Hours: 28.0

23. This category includes time spent by Evercore preparing and reviewing its Retention Application and Monthly Fee Applications.

24. During the Fee period, particular notable services under this Matter Category included coordination via various conference calls and emails with Debtors' counsel and Evercore's external counsel on Evercore's retention.

25. Typical of investment bankers of its kind, Evercore is not compensated by the hour, but through a structure of fixed fees and related compensation, such as was approved by the Retention Order. Accordingly, certain information appropriate to consideration of the fee requests of hourly-rate compensated professionals, such as blended rates or maturation, do not exist for Evercore.

26. Evercore has not shared, or agreed or entered into any understanding to share, any of its compensation received in these Chapter 11 Cases with any other entity.

Summary of Expenses Incurred During the Fee Period

27. Consistent with Evercore's policy with respect to its other clients, and in accordance with the Engagement Letter and Retention Order, Evercore is seeking reimbursement for charges and disbursements incurred as out-of-pocket expenses in the rendition of necessary services to the Debtors and their estates.

28. The expenses for which Evercore requests reimbursement for the Fee Period are actual and necessary direct, non-overhead costs incurred in the course of rendering services to the Debtors.³

29. Additionally, a chart summarizing the expenses for the Fee Period is included at the front of this Application. Evercore's policy requires all professionals to retain and submit for review receipts and/or invoices for all disbursements incurred through outside vendors. Evercore

³ A complete description of each expense incurred can be found in Evercore's monthly fee applications. *See* Docket Nos. 243, 346, 392.

maintains all receipts and/or invoices related to each client's disbursement account in a central storage facility, and such records can be produced upon request.

30. During the Fee Period, Evercore incurred legal expenses in connection with preparing its Retention Application and addressing certain informal comments from the Office of the United States Trustee. These legal expenses were necessary and beneficial to the Debtors' estates in enabling them to engage the financial advisor and investment banker of their choice.

Certification of Compliance and Waiver

31. The undersigned representative of Evercore certifies that he has reviewed the requirements of Local Rule 2016-2 and that the Application substantially complies with that Local Rule except to the extent waived by the Retention Order or otherwise modified by orders of this Court. To the extent that the Application does not comply in all respects with the requirements of Local Rule 2016-2, as so modified, Evercore believes that such deviations are not material and respectfully requests that any such requirement be waived.

Reservation of Rights and Notice

32. Although every effort has been made to include all fees and expenses incurred in the Fee Period, some fees and expenses might not be included in this Application due to delays caused by accounting and processing during the Fee Period. Evercore reserves the right to make further application to the Court for allowance of such fees and expenses not included herein.

33. Notice of this Application will be provided to the following parties or, in lieu thereof, their counsel, if known: (i) the Debtors; (ii) counsel for the Debtors, (a) Davis Polk & Wardwell and (b) Morris, Nichols, Arsht & Tunnell LLP; (iii) counsel to any official committee appointed in the Chapter 11 Cases; (iv) counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (a) Willkie Farr & Gallagher LLP and (b) Young Conaway Stargatt & Taylor, LLP; (v) counsel to Wells Fargo Bank, N.A. as administrative agent, Vinson & Elkins

LLP; (vi) the Office of United States Trustee for the District of Delaware; (vii) David M. Klauder, as fee examiner in these chapter 11 cases; and (viii) any party that has requested to be provided notice under Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

No Prior Request

34. No prior application for the relief requested herein has been made to this or any other court.

WHEREFORE, Evercore respectfully requests that the Court enter an order (1) allowing the interim compensation and reimbursements described herein, (2) authorizing and directing the Debtors to pay Evercore such fees and to reimburse Evercore for such expenses to the extent not already paid, and (3) granting such other relief as is appropriate under the circumstances.

Dated: August 16, 2019

/s/ Stephen Hannan
Stephen Hannan
Senior Managing Director
Evercore Group L.L.C.