

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re:	)	Chapter 11
	)	
SOUTHCROSS ENERGY PARTNERS, L.P.,	)	Case No. 19-10702 (MFW)
<i>et al.</i> ,	)	
	)	Jointly Administered
Debtors. <sup>1</sup>	)	
	)	Hearing Date: Sept. 18, 2019 at 10:30 a.m. (ET)
	)	Objection Deadline: Aug. 30, 2019 at 4:00 p.m. (ET)
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**FIRST INTERIM FEE APPLICATION REQUEST OF MORRIS, NICHOLS,  
ARSHT & TUNNELL LLP, AS DELAWARE BANKRUPTCY CO-COUNSEL  
FOR THE DEBTORS AND DEBTORS IN POSSESSION, FOR ALLOWANCE OF  
MONTHLY COMPENSATION AND FOR MONTHLY REIMBURSEMENT OF  
ALL ACTUAL AND NECESSARY EXPENSES INCURRED FOR THE PERIOD  
APRIL 1, 2019 THROUGH AND INCLUDING JUNE 30, 2019**

In accordance with the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* (D.I. 191) (the “Compensation Order”), Morris, Nichols, Arsht & Tunnell LLP (“Morris Nichols”) hereby submits its **First Interim Fee Application Request of Morris, Nichols, Arsht & Tunnell LLP, as Delaware Bankruptcy Co-Counsel for the Debtors and Debtors in Possession, for Allowance of**

<sup>1</sup> 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.



**Monthly Compensation and for Monthly Reimbursement of All Actual and Necessary Expenses Incurred for the Period April 1, 2019 Through and Including June 30, 2019<sup>2</sup>** (the “Application Period”). Exhibits A, B, and C attached hereto, contain certain schedules pursuant to the Appendix B Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases (the “UST Guidelines”). In addition, Morris Nichols respectfully states as follows to address the questions set forth under paragraph C.5 of the UST Guidelines:

- a. Did you agree to any variations from, or alternatives to, your standard or customary billing rates, fees or terms for services pertaining to this engagement that were provided during the application period? If so, please explain. **No.**
- b. If the fees sought in this fee application as compared to the fees budgeted for the time period covered by this fee application are higher by 10% or more, did you discuss the reasons for the variation with the client? **Not applicable.**
- c. Have any of the professionals included in this fee application varied their hourly rate based on the geographic location of the bankruptcy case? **No.**
- d. Does the fee application include time or fees related to reviewing or revising time records or preparing, reviewing, or revising invoices? (This is limited to work involved in preparing and editing billing records that would not be compensable outside of bankruptcy and does not include reasonable fees for preparing a fee application.). If so, please quantify by hours and fees. **Morris Nichols reserves the right to seek such fees in subsequent applications.**
- e. Does this fee application include time or fees for reviewing time records to redact any privileged or other confidential information? If so, please quantify by hours and fees. **No.**
- f. If the fee application includes any rate increases since retention: (i) Did your client review and approve those rate increases in advance? (ii) Did your client agree when retaining the law firm to accept all future rate increases? If not, did you inform your client that they need not agree to

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<sup>2</sup> Exhibits A and B attached to the monthly applications (D.I. Nos. 242, 344, and 394) contain detailed listings of Morris Nichols’s requested fees and requested expenses for the Application Period.

modified rates or terms in order to have you continue the representation, consistent with ABA Formal Ethics Opinion 11-458? **Not applicable.**

Morris Nichols seeks approval for the following fee applications that were filed in the Application Period:

<b>Fee Application Filing Date, Docket No.</b>	<b>Period Covered By Application</b>	<b>Total Fees Requested</b>	<b>Total Expenses Requested</b>	<b>Certification of No Objection Filing Date, Docket No.</b>	<b>Amount of Fees Allowed (80%)</b>	<b>Amount of Expenses Allowed (100%)</b>	<b>Amount of Holdback Fees Sought</b>
5/31/19 D.I. 242	4/1/19-4/30/19	\$177,788.00	\$10,186.43	6/17/19 D.I. 332	\$142,230.40	\$10,186.43	\$35,557.60
6/27/19 D.I. 344	5/1/19-5/31/19	\$149,283.50	\$2,676.83	7/12/19 D.I. 372	\$119,426.80	\$2,676.83	\$29,856.70
7/24/19 D.I. 394	6/1/19-6/30/19	\$74,913.50	\$5,289.51	8/8/19 D.I. 416	\$59,930.80	\$5,289.51	\$14,982.70
<b>TOTAL</b>		<b>\$401,985.00</b>	<b>\$18,152.77</b>		<b>\$321,588.00</b>	<b>\$18,152.77</b>	<b>\$80,397.00</b>

In accordance with the Compensation Order, Morris Nichols seeks interim approval of the full amount of the fees and expenses requested in the above-referenced fee applications and payment by the Debtor of the amounts requested in such fee applications in full.

WHEREFORE, Morris Nichols respectfully requests that the Court approve the full amount of fees and expenses requested in the above-referenced fee applications, payment by the Debtor of the amounts requested in such fee applications in full, and such other and further relief as is just and proper.

August 16, 2019  
Wilmington, Delaware

Respectfully submitted,  
MORRIS, NICHOLS ARSHT & TUNNELL LLP

/s/ Eric W. Moats

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  
P.O. Box 1347  
Wilmington, Delaware 19899-1347  
Tel.: (302) 658-9200  
Fax: (302) 658-3989  
rdehney@mnat.com  
aremming@mnat.com  
jbarsalona@mnat.com  
emoats@mnat.com

*Counsel to the Debtors and Debtors in Possession*

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**CUMULATIVE COMPENSATION SUMMARY BY PROFESSIONAL**

	<b>Position of the Applicant</b>	<b>Hourly Billing Rate (including changes)</b>	<b>Total Billed Hours</b>	<b>Total Compensation</b>
Robert J. Dehney	Partner/Bankruptcy	1,100	32.9	\$36,190.00
Eric D. Schwartz	Partner/Bankruptcy	875	.8	700.00
Donna L. Culver	Partner/Bankruptcy	850	.8	680.00
Gregory W. Werkheiser	Partner/Bankruptcy	825	.3	247.50
Curtis Miller	Partner/Bankruptcy	800	.3	240.00
Jason Russell	Partner/Corporate	775	8.7	6,742.50
Andrew R. Remming	Partner/Bankruptcy	750	88.4	66,300.00
Matthew B. Harvey	Associate/Bankruptcy	695	1.6	1,112.00
Daniel B. Butz	Special Counsel/Bankruptcy	675	.8	540.00
Tamara K. Mann	Associate/Bankruptcy	645	.2	129.00
Joseph Barsalona	Associate/Bankruptcy	595	283.2	168,504.00
Eric Moats	Associate/Bankruptcy	465	191.9	89,233.50
Sean Sullivan	Associate/Commercial	495	1.7	841.50
Marisa Maddox	Paralegal	305	3.4	1,037.00
Renae M. Fusco	Paralegal	305	86.1	26,260.50
Ron Amores	Litigation Support	340	.2	68.00
Byron Poland	Litigation Support	300	.4	120.00
Cherie L. Hare	Case Clerk	305	1.0	305.00
Billie Springart	Case Clerk	305	1.5	457.50
Theresa M. Naimoli	Case Clerk	165	13.8	2,277.00
<b>Total</b>			<b>718.00</b>	<b>\$401,985.00</b>
<b>GRAND TOTAL:</b>		<b>\$401,985.00</b>		

**CUMULATIVE COMPENSATION BY PROJECT CATEGORY**

<b>Project Category</b>	<b>Total Hours</b>	<b>Total Fees</b>
Case Administration	77.4	\$42,544.00
Asset Dispositions/363 Sales	49.9	28,684.00
Automatic Stay Matters	43.8	24,747.00
Creditor Communications and Meetings	33.4	21,492.00
Fee Applications (MNAT – Filing)	16.9	6,464.50
Fee Applications (Others – Filing)	36.8	18,797.50
Fee Applications (MNAT – Objections)	.6	215.00
Fee Applications (Others – Objections)	1.6	584.00
Executory Contracts/Unexpired Leases	13.0	7,731.50
Other Contested Matters	38.4	25,448.00
Employee Matters	39.3	24,554.50
Financing Matters/ Cash Collateral	13.3	7,625.00
Tax Matters	1.5	705.00
Insurance Matters	.9	303.50
Utility Matters	8.0	3,789.50
Vendor/Supplier Matters	5.8	3,428.50
Court Hearings	93.1	51,442.00
Claims Objections and Administration	17.8	9,556.50
Plan and Disclosure Statement	10.0	5,350.00
Litigation/Adversary Proceeding	10.9	7,522.50
Professional Retention (MNAT-Filing)	23.6	12,635.50
Professional Retention (MNAT-Objections)	11.3	5,583.00
Professional Retention (Others-Filing)	58.6	30,766.00
Professional Retention (Others-Objections)	19.6	10,371.00
General Corporate Matters	8.8	6,802.00
General Case Strategy	27.0	16,400.50
Schedules/SOFA/U.S. Trustee Reports	56.7	28,442.50
<b>TOTAL</b>	<b>718</b>	<b>\$401,985.00</b>

**CUMULATIVE EXPENSE SUMMARY**

<b>Expense Category</b>	<b>Service Provider (if applicable)</b>	<b>Total Expenses</b>
Court Costs		\$100.00
In-House Printing	Black & White	2,233.90
Messenger Service		165.00
In-House Printing	Color	1,946.40
Pacer		559.70
In House Duplicating	Black & White	1,335.00
Computer Research	Westlaw	2,173.24
Conference Calls		124.68
Courier/Delivery Service		614.11
Photos/Art/Spec. Duplicating	Out of Office	6,369.56
Transcripts		1,153.95
Paralegal Overtime		617.09
Secretarial Overtime		65.99
In House Duplicating	Color	3.20
Travel		89.60
Meals		601.35
<b>Total Expenses</b>		<b>\$18,152.77</b>

**Exhibit A**

**Customary and Comparable Compensation Disclosures**



Morris Nichols's hourly rates for bankruptcy services are comparable to the hourly rates charged in complex chapter 11 cases by comparably skilled bankruptcy attorneys. In addition, Morris Nichols's hourly rates for bankruptcy services are comparable to the rates charged by Morris Nichols, and by comparably skilled practitioners in other firms, for complex corporate and litigation matters, whether in court or otherwise, regardless of whether a fee application is required.

The blended hourly rate for all Morris Nichols timekeepers who worked on these cases is approximately the same as the firm's blended rate for all timekeepers over a Comparable Period (defined below). In particular, the blended hourly rate for all Morris Nichols timekeepers (including both professionals and paraprofessionals) who billed to matters excluding chapter 11 representations (collectively, the "Non-Chapter 11 Matters")<sup>1</sup> during the 12-month period beginning June 1, 2018 and ending on June 1, 2019 (the "Comparable Period") was, in the aggregate, approximately \$619.00.<sup>2</sup> By comparison, the blended hourly rate for all Morris Nichols timekeepers (including both professionals and paraprofessionals) who worked on this case during the Application Period was, in the aggregate, \$559.90.

The following table shows blended hourly rates by category of professional and paraprofessional (rounded to the nearest dollar):

<b>Position at Morris Nichols</b>	<b>Billed for this Application Period</b>	<b>Billed for Non-Chapter 11 Matters</b>
Partner	\$853.60	\$808.00
Associate	\$579.00	\$477.00
Special Counsel	\$675.00	\$605.00
Paralegal	\$305.00	\$273.00
Litigation Support Specialists	\$320.00	\$301.00
Case Clerk	\$258.33	\$160.00

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<sup>1</sup> It is the nature of Morris Nichols's practice that certain non-bankruptcy engagements require the advice and counsel of professionals and paraprofessionals who work primarily within Morris Nichols's Business Reorganization and Restructuring Group. Accordingly, Non-Chapter 11 Matters consist of matters for which Morris Nichols timekeepers represented a client in a matter *other than* court-approved chapter 11 representations. The Non-Chapter 11 Matters include time billed by Morris Nichols timekeepers who work within Morris Nichols's Business Reorganization and Restructuring Group.

<sup>2</sup> Morris Nichols calculated the blended rate for Non-Chapter 11 Matters by dividing the *total dollar amount* billed by Morris Nichols timekeepers to Non-Chapter 11 Matters during the Comparable Period by the *total number of hours* billed by such Morris Nichols timekeepers to Non-Chapter 11 Matters during the same period.

**Exhibit B**

**Interim Application Summary**

**Cover Sheet of Fee Application (UST Guidelines Exh. E)**

<b>Interim Application Summary</b>	
Name of Applicant	Morris, Nichols, Arsht & Tunnell LLP
Name of Client	Southcross Energy Partners, L.P., <i>et al.</i>
Time period covered by Interim Application	April 1, 2019 through June 30, 2019
Total compensation sought during Application Period	\$401,985.00
Total expenses sought during Application Period	\$18,152.77
Petition Date	April 1, 2019
Retention Date	May 3, 2019 <i>nunc pro tunc</i> to April 1, 2019
Date of order approving employment	May 3, 2019
Total allowed compensation paid to date	\$0.00
Total allowed expenses paid to date	\$0.00
Total compensation approved by interim order to date	\$0.00
Total expenses approved by interim order to date	\$0.00
Blended rate in the Interim Application for all partners	\$853.60
Blended rate in the Interim Application for all attorneys	\$607.40
Blended rate in the Interim Application for all timekeepers	\$559.90
Compensation sought in the Interim Application already paid pursuant to a monthly compensation certificate but not yet allowed	\$321,588.00

Expenses sought in the Interim Application already paid pursuant to a monthly compensation certificate but not yet allowed	\$18,152.77
Number of professionals included in Interim Application	20
If applicable, number of professionals in the Interim Application not included in staffing plan approved by client	14
If applicable, difference between fees budgeted and compensation sought for the Application Period	\$43,141.00 under budget <sup>5</sup>
Number of professionals billing fewer than 15 hours to the case during the Application Period	15
Are any rates higher than those approved or disclosed at retention	No

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<sup>5</sup> This amount was calculated by subtracting Morris Nichol's actual fees from the mean of the estimated fees in the Budget and Staffing Plan.

**Exhibit C**

**Budget and Staffing Plan**

**BUDGET BY PROJECT CATEGORY  
FOR APRIL 1, 2019 TO JUNE 30, 2019**

<b>Project Category</b>	<b>Estimated Hours</b>	<b>Estimated Fees</b>
Case Administration	75-90	\$41,925.00 - \$53,550.00
Asset Dispositions/363 Sales	40-65	\$22,360.00 - \$36,335.00
Automatic Stay Matters	35-45	\$19,565.00 - \$26,775.00
Creditor Communications and Meetings	30-40	\$16,770.00 - \$22,360.00
Fee Applications (MNAT – Filing)	15-20	\$8,385.00 - \$11,900.00
Fee Applications (Others – Filing)	30-40	\$16,770.00 - \$22,360.00
Fee Applications (MNAT – Objections)	1-3	\$559.00 - \$1,785.00
Fee Applications (Others – Objections)	2-5	\$1,118.00 - \$2,795.00
Executory Contracts/Unexpired Leases	10-15	\$5,590.00 - \$8,925.00
Other Contested Matters	30-50	\$16,770.00 - \$27,950.00
Employee Matters	40-60	\$22,360.00 - \$35,700.00
Financing Matters/ Cash Collateral	10-15	\$5,590.00 - \$8,385.00
Tax Matters	5-10	\$2,795.00 - \$5,950.00
Insurance Matters	5-10	\$2,795.00 - \$5,590.00
Utility Matters	5-10	\$2,795.00 - \$5,950.00
Vendor/Supplier Matters	5-10	\$2,795.00 - \$5,590.00
Court Hearings	85-110	\$47,515.00 - \$65,450.00
Claims Objections and Administration	10-20	\$5,590.00 - \$11,180.00
Plan and Disclosure Statement	10-20	\$5,590.00 - \$11,900.00
Litigation/Adversary Proceeding	10-20	\$5,590.00 - \$11,180.00
Professional Retention (MNAT-Filing)	20-35	\$11,180.00 - \$20,825.00
Professional Retention (MNAT-Objections)	10-15	\$5,590.00 - \$8,385.00
Professional Retention (Others-Filing)	45-65	\$25,155.00 - \$38,675.00
Professional Retention (Others-Objections)	20-25	\$11,180.00 - \$13,975.00
General Corporate Matters	5-10	\$2,795.00 - \$5,950.00
General Case Strategy	25-35	\$13,975.00 - \$19,565.00
Schedules/SOFA/U.S. Trustee Reports	60-75	\$33,540.00 - \$44,625.00
<b>TOTAL</b>	<b>638-918</b>	<b>\$356,642.00 - \$533,610.00</b>

**Application Period Staffing Plan**

<b>Category of Timekeeper</b>	<b>Number of Timekeepers Expected to Perform Work Across Matters During the Budget Period</b>	<b>Number of Timekeepers Actually Performing Work During the Budget Period</b>	<b>Projected Average Hourly Rate</b>	<b>Actual Average Hourly Rate</b>
Partner	2	7	\$862.50	\$853.60
Associate	2	5	\$535.00	\$579.00
Special Counsel	0	1	\$675.00	\$675.00
Other Professionals	2	7	\$270.00	\$289.30