

Official Form 426

United States Bankruptcy Court
District of DelawareDebtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.Case # 19-10702 (MFW)PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF ENTITIES IN WHICH
THE ESTATE OF *SOUTHCROSS ENERGY PARTNERS, L.P.*, et al. ^[1], HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST

This is the report as of September 30, 2019 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of SOUTHCROSS ENERGY PARTNERS, L.P. holds a substantial or controlling interest in the following entities:

Name of Controlled Non-Debtor Entity	Interest of the Debtor
T2 Eagle Ford Gathering Company LLC	50%
T2 Gas Utility LLC	50%
T2 LaSalle Gathering Company LLC	25%
T2 LaSalle Gas Utility LLC	25%

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations and profitability of each entity listed above.

Each Entity Report consists of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN POSSESSION.

The undersigned, having reviewed the above listing of entities in which the estate of SOUTHCROSS ENERGY PARTNERS, L.P. holds a substantial or controlling interest ^[2], and being familiar with the Debtor's financial affairs, verifies under penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

[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 EFCogeneration Holdings LLC (0613); and T2 EF Cogeneration LLC (4976). The debtors' mailing address is 1717 Main Street, Suite 5200, Dallas, TX 75201.

[2] Specifically, the debtors with a substantial or controlling interest in the listed controlled non-debtor entities include, Southcross Energy Partners, L.P., Southcross Energy Operating, LLC, Southcross Energy LP LLC and FL Rich Gas Services, LP

For Non-Individual Debtors: /s/ Michael Howe
Signature of Authorized Individual

Michael Howe
Printed Name of Authorized Individual

Date: 11/08/19
MM / DD / YYYY



Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.Case # 19-10702 (MFW)**GENERAL NOTES TO THE REPORT****Description of the Chapter 11 Cases**

On April 1, 2019, (the “Petition Date”), Southcross Energy Partners, L.P. (the “Partnership”), its general partner, and its wholly owned direct and indirect subsidiaries each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On April 2, 2019, the Bankruptcy Court for the District of Delaware (the “Court”) entered an order authorizing the joint administration and procedural consolidation of the chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Valuation - The Debtor has not conducted a valuation during the preceding two years on any of the non-debtor subsidiaries. It would be prohibitively expensive, unduly burdensome and an inefficient use of estate assets for the Debtor to obtain current market valuations for all of their assets. The valuation information provided herein is based on the net book value of the Non-Debtor Entities (i.e., book value of assets less book value of liabilities), based on the available financial information for the subject entities.

Condensed Statements – The condensed financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America (“U.S. GAAP”) in all material respects. Information for the Controlled Non-Debtor Entities is presented on the same basis as it is aggregated into the consolidated results of *Southcross Energy Partners, L.P.*; however, such presentation may not be appropriate for each Controlled Non-Debtor Entity on a stand-alone basis.

The Debtors are providing individual balance sheets and income statements for each of the Controlled Non-Debtor Entities. The Debtors do not prepare statements of cash flow or changes in owner’s equity on an individual legal entity basis and thus they are not included.

The unaudited condensed financial statements presented in this report have been derived from the books and records of the Controlled Non-Debtor Entities. This information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with U.S. GAAP, and upon the application of such procedures, the Debtors and the Non-Debtors believe that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes primarily normal recurring adjustments, but does not include all of the adjustments that would typically be made in accordance with U.S. GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the results of operations, financial position, and cash flows of the Controlled Non-Debtor Entities and/or the Non Majority Interest Entities in the future.

The December 31, 2018 presentation includes consolidated financial information for T2 Eagle Ford Gathering Company LLC (including T2 Gas Utility LLC), T2 LaSalle Gathering Company LLC (including T2 LaSalle Gas Utility LLC). T2 Eagle Ford Gathering Company LLC and T2 LaSalle Gathering Company LLC are direct subsidiaries of the Debtor Entities. The financial statements as of (and for the nine months ending) September 30, 2019 are presented in a consolidated manner at the parent JV entity level. Operations for T2 Gas Utility and T2 LaSalle Gas Utility are included in the consolidated roll-up to their unique parent entity.

Reservation of Rights - Nothing contained in this Periodic Report shall constitute a waiver or admission by the Debtors in any respect, nor shall this Periodic Report or any information set forth herein waive or release any of the Debtors’ rights or constitute an admission with respect to their chapter 11 cases, or their estates, including with respect to, among other things, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of the Bankruptcy Code, and/or causes of action under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

The Debtors are reviewing the assets and liabilities of their affiliates on an ongoing basis, including with respect to intercompany claims and obligations, and nothing contained in this Periodic Report shall constitute a waiver of any of the Debtors’ or their affiliates rights with respect to such assets, liabilities, claims, and obligations that may exist. Moreover, because the financial information included in this filing is unaudited and subject to further review and potential adjustment, there is no assurance that the information is accurate and complete. The Debtors reserve the right to amend or supplement this Periodic Report at any time.

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.Case # 19-10702 (MFW)

Exhibit A
Valuation Estimate

Name of Entity	Net Book Value ^[1]
T2 Eagle Ford Gathering Company LLC	\$154,474,518
T2 LaSalle Gathering Company LLC	\$50,488,676

1 The basis for the valuation of each of the Non-Debtors is the net book value calculated as assets less liabilities as of September 30, 2019. To the extent net book value is negative, the valuation is assumed to be \$0; Net book value may be materially different from fair market value.

Debtor Name	<u>SOUTHCROSS ENERGY PARTNERS, L.P., et al.</u>	<u>19-10702 (MFW)</u>
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Exhibit B: Financial Statements for Non-Debtor Entities as of 9/30/19

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.19-10702 (MFW)**Exhibit B-1: Balance Sheet for Non-Debtor Entities as of 9/30/19**

	<u>T2 Eagle Ford Gathering Company LLC</u>	<u>T2 LaSalle Gathering Company LLC</u>
Assets		
Current assets:		
Cash	\$ 4,515,664	\$ 854,718
Accounts receivable	297,804	102,000
Prepaid expenses and other	40,138	40,136
Total current assets	<u>4,853,606</u>	<u>996,854</u>
Non-current assets:		
Property, plant and equipment	277,958,812	88,898,569
Accumulated depreciation and amortization	(124,856,608)	(38,667,060)
Property, plant and equipment, net	<u>153,102,204</u>	<u>50,231,509</u>
Total assets	<u>\$ 157,955,810</u>	<u>\$ 51,228,363</u>
#		
Liabilities And Members' Interest		
Current liabilities:	\$ 915,693	\$ 256,209
Accounts payable - trade		
Accounts payable - affiliates	241,377	145,287
Accrued liabilities	<u>2,324,222</u>	<u>338,191</u>
Total current liabilities	<u>3,481,292</u>	<u>739,687</u>
Members' Interest		
Partner's Interest- TPL SouthTex	77,237,259	37,866,508
Partner's Interest- FL Rich Gas Services	<u>77,237,259</u>	<u>12,622,168</u>
Total members' interest	<u>154,474,518</u>	<u>50,488,676</u>
Total liabilities and members' interest	<u>\$ 157,955,810</u>	<u>\$ 51,228,363</u>

¹ The information contained herein is provided to fulfill the requirements of Bankruptcy Rule 2015.3; All information contained herein is unaudited and subject to future adjustments

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.19-10702 (MFW)**Exhibit B-3: Statement of Cash Flows for Non-Debtor Entities as of 9/30/19**

	T2 Eagle Ford Gathering Company LLC	T2 LaSalle Gathering Company LLC
Cash flow from operating activities		
Net Loss	\$ (13,791,882)	\$ (4,423,881)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,791,882	4,423,882
Changes in operating assets and liabilities:		
Receivables and other assets	(18,255)	(129,045)
Accounts payable and other liabilities	891,308	(34,721)
Net Cash provided by (used in) operating activities	873,053	(163,765)
Cash flows from investing activities		
Outlays for property, plant and equipment	(227,348)	-
Net cash provided by investing activities	(227,348)	-
Cash flows from financing activities		
Contributions from members	753,907	203,487
Net cash provided by financing activities	753,907	203,487
Net change in cash and cash equivalents	1,399,612	39,722
Cash and cash equivalents at beginning of year	3,116,052	814,996
Cash and cash equivalents at end of year	\$ 4,515,664	\$ 854,718

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.19-10702 (MFW)**Exhibit B-4: Statement of Changes in Shareholders'/Partners' Equity (Deficit) for Non-Debtor Entities as of 9/30/19**

	T2 Eagle Ford Gathering Company LLC	T2 LaSalle Gathering Company LLC
Balance, December 31, 2018	\$ 167,512,492	\$ 54,709,071
Contributions	753,908	203,487
Net loss	(4,587,358)	(1,483,124)
Balance, March 31, 2019	<u>\$ 163,679,042</u>	<u>\$ 53,429,434</u>
Net loss	(1,532,662)	(489,878)
Balance, April 30, 2019	<u>\$ 162,146,380</u>	<u>\$ 52,939,556</u>
Net loss	(1,533,366)	(491,108)
Balance, May 31, 2019	<u>\$ 160,613,014</u>	<u>\$ 52,448,448</u>
Net loss	(1,534,624)	(489,943)
Balance, June 30, 2019	<u>\$ 159,078,390</u>	<u>\$ 51,958,505</u>
Net loss	(1,534,624)	(489,943)
Balance, July 31, 2019	<u>\$ 157,543,766</u>	<u>\$ 51,468,562</u>
Net loss	(1,534,624)	(489,943)
Balance, August 31, 2019	<u>\$ 156,009,142</u>	<u>\$ 50,978,619</u>
Net loss	(1,534,624)	(489,943)
Balance, September 30, 2019	<u>\$ 154,474,518</u>	<u>\$ 50,488,676</u>

Debtor Name	<u>SOUTHCROSS ENERGY PARTNERS, L.P., et al.</u>	Case #	<u>19-10702 (MFW)</u>
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Exhibit B: Financial Statements for Non-Debtor Entities as of 12/31/18

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.Case # 19-10702 (MFW)Exhibit B-1: Balance Sheet for Non-Debtor Entities as of 12/31/18

	T2 Eagle Ford		T2 LaSalle	
	Gathering		Gathering	T2 LaSalle Gas
	Company LLC	T2 Gas Utility LLC	Company LLC	Utility LLC
Assets				
Cash - Checking	3,116,052	3,116,052	814,996	814,996
A/R Trade	4,998	4,998	-	-
Due Affiliate: MLP-T2 GU	288,308	(311,490)	-	-
Due Affiliate: Borrower-T2 GU	266	266	-	-
Due Affiliate: T2 GU-T2 Cogen	(5,911)	(5,911)	-	-
Due from Affiliates- TexStar(Rich)	-	(221,683)	-	-
Due Affiliate: MLP-T2 LaSalle	-	-	(26,149)	(25,509)
Due Affiliate: Borrower-T2 LaSalle	-	-	36	36
Due from Affiliates- Targa	-	43,214	-	-
Due from Affiliates	282,663	(495,604)	(26,113)	(25,473)
Prepaid Expenses	26,113	26,113	13,057	13,057
Current Assets	3,429,826	2,651,559	801,940	802,580
Construction in Progress	2,145,912	2,145,912	908,465	908,465
Contra CWIP	(2,145,839)	(2,145,839)	(908,465)	(908,465)
Pipeline	226,366,711	226,366,711	72,214,425	72,214,425
Treating plants	284,741	284,741	-	-
Compressors	1,955,379	1,955,379	-	-
Rights of way	45,164,840	45,164,840	16,639,695	16,639,695
Tanks	210,091	210,091	-	-
Furniture, fixtures & equipment	650,808	650,808	44,449	44,449
Accumulated Depreciation	(111,064,725)	(111,064,725)	(34,243,179)	(34,243,179)
Line Pack	948,572	216,599	-	-
Land	2,150,249	2,150,249	-	-
Property, Plant and Equip	166,666,739	165,934,766	54,655,390	54,655,390
Intercompany investments	-	(178,926)	-	-
Assets	170,096,565	168,407,399	55,457,330	55,457,970
Liabilities				
Accounts Payable	521,522	521,522	41,747	41,747
Unvouchered Receipts	30,741	30,741	13,230	13,230
Property Tax Liability	1,480,314	1,480,314	659,869	659,869
Due to Affiliates- Targa	292,801	292,801	-	-
Accrued Expenses - GL	68,032	68,032	(1)	(1)
AP and Accrued Expenses	2,393,410	2,393,410	714,845	714,845
Accrued Payroll	190,663	190,663	33,414	33,414
Current Liabilities	2,584,073	2,584,073	748,259	748,259
Liabilities	2,584,073	2,584,073	748,259	748,259
Equity				
Partner's Equity- FL Rich Gas Services	102,714,028	(8,927,549)	16,597,677	(1,318,676)
Partner's Equity- Targa	103,049,691	(8,554,757)	49,910,780	(3,838,276)
Partners Equity- Eagle Ford Gathering	-	275,316,722	-	-
Partners Equity- La Salle Gathering Company	-	-	-	88,237,268
Retained Earnings	(19,512,706)	(73,272,569)	(5,871,935)	(22,443,794)
YTD Net income (loss)	(18,738,521)	(18,738,521)	(5,927,451)	(5,926,811)
Equity	167,512,492	165,823,326	54,709,071	54,709,711
Liabilities & Equity	170,096,565	168,407,399	55,457,330	55,457,970

¹ The information contained herein is provided to fulfill the requirements of Bankruptcy Rule 2015.3; All information contained herein is unaudited and subject to future adjustments

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.Case # 19-10702 (MFW)**Exhibit B-2: Statement of Income (Loss) for Non-Debtor Entities as of 12/31/18**

Year-to-Date December 31, 2018

	T2 Eagle Ford Gathering Company LLC	T2 Gas Utility LLC	T2 LaSalle Gathering Company LLC	T2 LaSalle Gas Utility LLC
Gross Margin				
Gas Revenue	(155)	(155)		
Lease Capacity Revenue	4,083,989	105,617	1,408,727	1,408,727
Revenue-Other	-	-		
Gross Margin	4,083,834	105,462	1,408,727	1,408,727
Operations & Maintenance Expenses				
Labor	1,213,807	-	394,592	394,593
Benefits and Payroll Taxes	214,953	-	62,788	62,787
Allocated Overhead	-	-	-	-
Materials, Supplies & Maint	455,786	-	58,650	58,011
Construction/Operations Fees & Svcs	454,222	-	97,441	97,441
Utilities	28,791	-		
Office Supplies and Expenses	80	-		
Rents and Leases	35,885	-	-	-
Travel and Training	2,657	-	-	-
Other Office Expenses	22,940	-		
Regulatory Expenses	13,448	10,069	2,465	2,465
Taxes	1,531,326	-	659,869	659,869
Other	299	299	57,163	57,163
Operation and Maintenance Expenses	3,974,194	10,368	1,332,968	1,332,329
Operating Income	109,640	95,094	75,759	76,398
General and Administrative Expenses				
Labor	2,605	-	3,194	3,194
Benefits & Payroll Taxes	381	-	204	204
Utilities and Communications	50,569	50,569	50,099	50,099
Insurance	56,083	44,525	22,262	22,262
General, Administrative and Other Exp	109,638	95,094	75,759	75,759
Income before Interest, Taxes & Depr	2	-	-	639
Depreciation and Amortization	18,738,518	24,425	5,927,451	5,927,451
Net Income (Loss)	(18,738,516)	(24,425)	(5,927,451)	(5,926,812)

¹ The information contained herein is provided to fulfill the requirements of Bankruptcy Rule 2015.3; All information contained herein is unaudited and subject to future adjustments

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.

Case # 19-10702 (MFW)

Exhibit B-3: Statement of Cash Flows for Non-Debtor Entities as of 12/31/18

The Debtors do not prepare a Statement of Cash Flows for the Controlled Non-Debtor Entities.

Exhibit B-4: Statement of Changes in Shareholders'/Partners' Equity (Deficit) for Non-Debtor Entities as of 12/31/18

The Debtors do not prepare a Statement of Changes in Shareholders' Equity for the Controlled Non-Debtor Entities.

Debtor Name SOUTHCROSS ENERGY PARTNERS, L.P., et al.Case # 19-10702 (MFW)

Exhibit C
Description of Operations

Name of Entity	Description of Operations
T2 Eagle Ford Gathering Company LLC	The equity interests of the Company are owned by FL Rich Gas Services, LP, a subsidiary of Southcross Energy Partners, L.P. ("SXE") which holds a 50% membership interest in the Company and Targa Resources Corp. ("Targa") which holds the remaining 50% membership interest in the Company. The Company is engaged in the gathering and transportation of natural gas and liquids in the Eagle Ford Shale Region of south Texas.
T2 Gas Utility LLC	The equity interests of the Company are owned by FL Rich Gas Services, LP, a subsidiary of Southcross Energy Partners, L.P. ("SXE") which holds a 50% membership interest in the Company and Targa Resources Corp. ("Targa") which holds the remaining 50% membership interest in the Company. The Company is engaged in the gathering and transportation of natural gas and liquids in the Eagle Ford Shale Region of south Texas.
T2 LaSalle Gathering Company LLC	The equity interests of the Company are owned by FL Rich Gas Services, LP, a subsidiary of Southcross Energy Partners, L.P. which holds a 25% membership interest in the Company and Targa Resources Corp. ("Targa") which holds the remaining 75% membership interest in the Company. The Company is engaged in the transportation and gathering of natural gas and liquids, serving south Texas.
T2 LaSalle Gas Utility LLC	The equity interests of the Company are owned by FL Rich Gas Services, LP, a subsidiary of Southcross Energy Partners, L.P. which holds a 25% membership interest in the Company and Targa Resources Corp. ("Targa") which holds the remaining 75% membership interest in the Company. The Company is engaged in the transportation and gathering of natural gas and liquids, serving south Texas.