

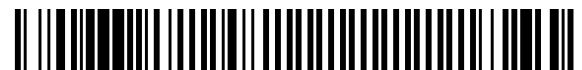
**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

)	
In re:)	Chapter 11
)	
SOUTHCROSS ENERGY PARTNERS, L.P.,)	Case No. 19-[_____] (____)]
<i>et al.</i> ,)	
)	Joint Administration Requested
Debtors. ¹)	
)	

**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL
ORDERS AUTHORIZING (I) DEBTORS TO CONTINUE TO MAINTAIN
EXISTING CASH MANAGEMENT SYSTEM, BANK ACCOUNTS, AND
BUSINESS FORMS AND (II) FINANCIAL INSTITUTIONS TO HONOR
AND PROCESS RELATED CHECKS AND TRANSFERS**

Southcross Energy Partners, L.P. (“**Southcross**”), Southcross Energy Partners GP, LLC, (the “**Southcross GP**”), and Southcross’s wholly owned direct and indirect subsidiaries, each of which is a debtor and debtor in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby file this *Motion of Debtors for Entry of Interim and Final Orders Authorizing (i) Debtors To Continue To Maintain Existing Cash Management System, Bank Accounts, and Business Forms and (ii) Financial Institutions To Honor and Process Related Checks and Transfers* (this “**Motion**”). This Motion is supported by the *Declaration of Michael B. Howe in Support of Debtors’ Chapter 11 Proceedings and*

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.



First Day Pleadings (the “**Howe Declaration**”) filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully state as follows:

Relief Requested

1. By this Motion, and pursuant to sections 105(a), 345, 363(c)(1), and 364(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), the Debtors seek entry of interim and final orders (the “**Proposed Orders**” and, if entered, the “**Orders**”) (a) authorizing, but not directing, the Debtors to (i) continue to operate their prepetition cash management system with respect to intercompany cash management, as further described below (the “**Cash Management System**”), (ii) maintain their existing bank accounts (together with any accounts opened after the Petition Date, the “**Bank Accounts**” and each, a “**Bank Account**”) located at certain banks and financial institutions (each, a “**Bank**” and collectively, the “**Banks**”), and (iii) maintain the Debtors’ existing business forms, (b) waiving the requirements of section 345(b) of the Bankruptcy Code on an interim basis, and (c) authorizing the Debtors’ financial institutions to receive, process, honor, and pay all checks or wire transfers used by the Debtors to pay the foregoing.

2. A list of the Bank Accounts (with account numbers partly redacted) is attached hereto as Exhibit A. The Debtors believe that all of the Bank Accounts are maintained at stable financial institutions.

Jurisdiction and Venue

3. The United States Bankruptcy Court for the District of Delaware (the “**Court**”) has jurisdiction over this Motion 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.

4. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2) and, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final order by the Court in connection with this Motion 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.

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

Background

6. 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.

7. No request has been made for the appointment of a trustee or examiner, and no official committee has been appointed in the Chapter 11 Cases.

8. 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 Howe Declaration, which is incorporated herein by reference.

Cash Management System

9. In the ordinary course of business, the Debtors utilize the Cash Management System to collect and disburse funds generated by the operations of the Debtors. The Cash Management System also enables the Debtors to monitor the collection and disbursement of funds and maintain control over the administration of their Bank Accounts. The Cash Management System is not entirely automated; the employees of the Debtors are required to

monitor the system, manage the proper disbursement of funds, utilize the wire, check, and ACH capabilities of Wells Fargo Bank, N.A. (“**Wells Fargo**”) to disburse funds, and manually deposit checks using an internal remote capture tool.

10. The Cash Management System has two main components: (a) cash collection and (b) cash disbursement. To provide an overview of the movement of cash through the Cash Management System, a schematic diagram illustrating the flow of funds through the Cash Management System is attached hereto as Exhibit B.

Cash Collection

11. The Debtors generate and receive funds from a variety of sources. A substantial portion of the Debtors’ present revenues, and their expected future revenues, consist of gas sales (*e.g.*, natural gas liquids, natural gas, etc.) and gas gathering, processing, treatment, compression, fractionation, and transportation services. In addition, the Debtors may generate receipts from other miscellaneous sources. The Debtors’ receipts are deposited directly into the Debtors’ operating account with Wells Fargo (the “**Operating Account**”). As of the Petition Date, the balance of cash in the Operating Account is approximately \$2,400,000.

12. The Debtors also maintain a depository account with Wells Fargo in the name of FL Rich Gas Services, LP (the “**FL Rich Account**”), into which fee revenue from contracts between FL Rich Gas Services, LP and its customers is deposited. Money is transferred from the FL Rich account to the Operating Account monthly or whenever a significant balance accrues (typically when it exceeds \$300,000). As of the Petition Date, the balance of cash in the FL Rich Account is approximately \$200,000.

Cash Disbursements

13. Receipts concentrated in the Operating Account are used by the Debtors to satisfy their financial obligations. Disbursements by check, wire, or automated clearing house transfers (“**ACH Transfer**”) are generally made through this account.

14. The Debtors make cash disbursements to support the following major disbursement programs:

- Payroll. The Debtors use a third party, Inova Payroll, Inc., to administer payroll disbursements. Payroll is wired to a separate payroll account at Southcross GP, which Inova Payroll, Inc. then automatically debits a day in advance of each biweekly pay date.
- Accounts Payable. The Debtors’ accounts payable payments on account of revenue, interest, taxes and regulatory fees, utilities, and all other vendors are paid or automatically debited by wire, check, and ACH Transfer out of the Operating Account.
- Health care and Benefits.² The Debtors fund their employees’ medical claims through a JPMorgan imprest bank account at Southcross GP (“**Imprest Account**”). The Debtors maintain a balance of \$300,000 in the Imprest Account and fund any shortfall on the last day of each month from the Operating Account. If employee medical claims exceed \$300,000 for the month, Cigna Health and Life Insurance Company covers any overage

² For more information regarding the Debtors’ health care and benefits programs, see *Motion of Debtors for Entry of Interim and Final Orders Authorizing (i) Debtors To (a) Pay Prepetition Employee Obligations and (b) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, (ii) Current and Former Employees To Proceed with Outstanding Workers’ Compensation Claims, and (iii) Financial Institutions To Honor and Process Related Checks and Transfers*, filed contemporaneously herewith.

costs. Other health and welfare benefits or administrative fees are funded by wire, check, or ACH Transfer from the Operating Account.

15. The Debtors pay fees to their banks of approximately \$3,000 per month in connection with the Bank Accounts (the “**Bank Fees**”). Fees are automatically debited on the 11th of each month. The Debtors estimate that approximately \$3,000 in Bank Fees is outstanding as of the Petition Date.

Intercompany Transactions

16. The Debtors also maintain relationships with each other in the ordinary course of business (collectively, the “**Intercompany Transactions**”) that result in intercompany receivables and payables (the “**Intercompany Claims**”). The Intercompany Transactions are frequently conducted pursuant to the Debtors’ arrangements (both formal and informal) relating to the gathering, transportation, processing, and purchase of natural gas as well as the development of capital projects, among others. The Intercompany Transactions are made through wire or book transfers to (a) reimburse certain Debtors for various expenditures associated with their businesses, (b) fund the Bank Accounts for general capital expenditures, or (c) transfer funds to the Operating Account.

17. In connection with the daily operation of the Cash Management System, as funds are disbursed throughout the Cash Management System and as business is transacted between the Debtors, at any given time there may be an Intercompany Claim owed by one Debtor to another Debtor. The Intercompany Claims are generally settled in cash or reflected as journal entry receivables and payables. Further, the Debtors track all fund transfers in their respective accounting systems and can ascertain, trace, and account for all Intercompany Transactions. Indeed, the Debtors’ general practice is to maintain schedules that record all cash activity in the

Bank Accounts and to reconcile such amounts with the Debtors' books and monthly cash balance. If the Intercompany Transactions were to be discontinued, the Cash Management System and the Debtors' operations would be disrupted unnecessarily to the detriment of the Debtors, their creditors, and other stakeholders. The Debtors seek the authority to continue the Intercompany Transactions in the ordinary course of business consistent with past practice.

Transactions with Southcross Holdings

18. As detailed in the Howe Declaration, Southcross is a limited partnership whose partnership units are held by (a) Southcross GP, (b) non-Debtor Southcross Holdings Borrower LP ("**Holdings Borrower**"), which is a wholly owned indirect subsidiary of non-Debtor Southcross Holdings LP ("**Southcross Parent**" and, collectively with its non-Debtor subsidiaries, "**Southcross Holdings**"), and (c) public investors. Southcross GP is directly owned in its entirety by Holdings Borrower.

19. Recently, Southcross, Southcross GP, Southcross Parent, and Southcross Holdings GP, LLC entered into that certain Shared Services Agreement to memorialize their historic practice of allocating expenses relating to the use of certain personnel and other shared services among the Debtors and Southcross Holdings (the "**Shared Services Agreement**"). A copy of the Shared Services Agreement is attached hereto as Exhibit C.

20. Pursuant to the Shared Services Agreement, the Debtors and Holdings generally pay their respective allocated pro rata portion of all shared services expenses, including, among other things, general administration, accounting, investor relations, legal and regulatory services, financial and treasury services, technological support, human resources, and labor. For all such services, other than labor, the Debtors pay the amounts due and Southcross Holdings reimburses the Debtors for its pro rata portion. Furthermore, each funds its respective portions of certain

employee obligations into a payroll account located at Southcross GP, which in turn funds payroll to the payroll administrator. The Debtors carefully track all amounts due from Southcross Holdings and believe that, as of the Petition Date, any amount due to the Debtors from Southcross Holdings for accrued and unpaid shared services obligations for March 2019 is *de minimis*.³

21. Additionally, as detailed in the Howe Declaration, the Debtors derive a material portion of their revenue through certain long-term, fixed-rate contracts (the “**Holdings Agreements**”) with Frio LaSalle Pipeline, LP (“**Holdings-Frio**”), a non-Debtor subsidiary of Holdings Borrower. Under the Holdings Agreements, Debtor FL Rich Gas Services, LP provides Holdings-Frio with certain gathering, treatment, compression, processing, and transportation services for rich and/or sour natural gas. In 2018, the Debtors earned a gross margin of \$35,800,000 under the Holdings Agreements. As of the Petition Date, the Debtors believe that they are owed \$3,500,000 from Holdings-Frio for accrued and unpaid obligations under the Holdings Agreements.

Purchase Cards

22. As part of the Cash Management System, Debtor Southcross and JPMorgan entered into a Commercial Card Agreement, dated as of September 30, 2016 (the “**Purchase Card Program**”), pursuant to which the Debtors pay the direct reimbursement of approximately 120 credit and purchase cards issued by JPMorgan (the “**Purchase Cards**”) to certain employees that perform services on behalf of the Debtors. In support of the Purchase Card Program, the Debtors issued a letter of credit to JPMorgan in the amount of \$500,000 with an existing

³ The Debtors believe that they owe Southcross Holdings approximately \$600,000 on account of an insurance-related reimbursement (the “**Insurance Reimbursement**”). The Debtors, however, believe that the amounts owed by Southcross Holdings to the Debtors on account of accrued and unpaid shared services obligations will offset all or substantially all of the Insurance Reimbursement.

maturity date of July 25, 2019 (the “**Letter of Credit**”). The Purchase Cards have a \$300,000 credit limit in the aggregate.

23. The Purchase Cards are used for approved and legitimate business expenses, incurred on behalf of the Debtors in the ordinary course, and are funded through the Operating Account. On average, the Debtors have historically owed JPMorgan approximately \$120,000 a month on account of the Purchase Cards. As of the Petition Date, the Debtors estimate that they owe approximately \$120,000 on account of the Purchase Cards. The Debtors seek authority to continue the Purchase Card Program subject to the terms and conditions thereof, including any advances made by JPMorgan or the continued issuance of the Letter of Credit, on a post-petition basis consistent with past practice.

Basis for Relief

The Continued Use of the Debtors’ Cash Management System is Essential to the Debtors’ Ongoing Operations and Restructuring Efforts

24. The Debtors hereby seek authority to continue using their current centralized, integrated Cash Management System. It is essential that the Debtors be permitted to continue to consolidate the management of their cash as necessary and appropriate to continue the operation of their businesses.

25. The basic structure of the Cash Management System constitutes the Debtors’ ordinary, usual, and essential business practices. The Cash Management System is similar to those commonly employed by corporate enterprises comparable to the Debtors in size and complexity. The Cash Management System is integrated with the Debtors’ accounting processes and software that produce the Debtors’ financial statements and includes the necessary accounting controls to enable the Debtors, as well as other interested parties in the Chapter 11 Cases, to trace funds through the system. The design, development, testing, and implementation

of this portion of the Debtors' accounting system, and its interfacing with the Cash Management System, require the dedicated efforts of a significant number of the Debtors' employees, supported by outside consultants. If the Debtors were required to dismantle the Cash Management System, it would disrupt the Debtors' day-to-day operations and their accounting processes and software. Dismantling the Cash Management System would also impair the Debtors' ability to generate timely reports of transactions and balances, as well as annual and quarterly SEC filings.

26. The widespread use of similar cash management systems is attributable to the numerous benefits they provide, including the ability to tightly control corporate funds, ensure cash availability, and reduce administrative expenses by facilitating the expeditious movement of funds and developing of timely and accurate account balance and presentment information. These controls are particularly important here, given the significant amount of cash that flows through the Cash Management System on an annual basis.

27. The Office of the United States Trustee, Region 3 (the "**U.S. Trustee**"), has established operating guidelines for debtors in possession to facilitate the administration of chapter 11 cases (the "**U.S. Trustee Guidelines**"). The U.S. Trustee Guidelines generally require that a chapter 11 debtor, among other things, (a) establish one debtor in possession account for all estate monies required for the payment of taxes (including payroll taxes), (b) close all existing bank accounts and open new debtor in possession accounts, (c) maintain a separate debtor in possession account for cash collateral, (d) obtain checks that bear the designation "Debtor in Possession", and (e) reference the debtor's bankruptcy case number and type of account on each such check. *See* U.S. Trustee Guidelines § 2. Local Rule 2015-2(a) generally requires that, upon exhausting its existing check stock, a chapter 11 debtor must order

new checks labeled “Debtor in Possession” with the corresponding bankruptcy number. These requirements are designed to establish a clear line of demarcation between prepetition and post-petition claims and payments and to help protect against a debtor’s inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the commencement of the debtor’s chapter 11 cases. The Debtors seek a waiver of the requirements of the U.S. Trustee Guidelines to the extent that they prohibit the Debtors from continuing to utilize their existing Cash Management System.

28. It would be very time consuming, difficult, and costly for the Debtors to establish an entirely new system of accounts and a new cash management system, and doing so would disrupt the Debtors’ relationships with their key counterparties and suppliers. The attendant delays from opening new accounts, revising cash management procedures, and instructing their commercial counterparties and countless other entities to redirect payments would negatively impact the Debtors’ ability to operate their businesses while pursuing these arrangements. Under the circumstances, maintenance of the Cash Management System is essential and clearly in the best interest of the Debtors’ estates. Furthermore, preserving the “business as usual” atmosphere and avoiding the unnecessary and costly distractions that would inevitably be associated with any substantial disruption to the Cash Management System will facilitate the Debtors’ efforts to maximize the value of their estates in the Chapter 11 Cases. In short, any benefits of the Debtors’ strict compliance with the U.S. Trustee Guidelines and Local Rule 2015-2(a) would be far outweighed by the resulting expense, inefficiency, and disruption to the Debtors’ businesses.

29. The Debtors request authority to continue using the Cash Management System in a similar manner as they did before the Petition Date and to implement ordinary course changes to the Cash Management System consistent with past practices. Such relief is appropriate under

section 363(c) of the Bankruptcy Code, which authorizes a debtor in possession operating its business pursuant to section 1108 of the Bankruptcy Code to “enter into transactions . . . in the ordinary course of business without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1).

30. One purpose of section 363 of the Bankruptcy Code is to provide a debtor with the flexibility to engage in the ordinary course transactions required to operate its business without undue supervision by its creditors or the court. *See, e.g., In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations without excessive court or creditor oversight and protecting secured creditors and others from dissipation of the estate’s assets.”) (citations omitted); *In re Vision Metals, Inc.*, 325 B.R. 138, 145 (Bankr. D. Del. 2005) (same). Included within the purview of section 363(c) of the Bankruptcy Code is a debtor’s ability to continue “routine transactions” necessitated by a debtor’s business practices. *See, e.g., In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007) (citations omitted) (noting that courts have shown a reluctance to interfere in a debtor’s making of routine, day-to-day business decisions); *In re Vision Metals*, 325 B.R. at 142 (“[W]hen a chapter 11 debtor in possession continues to operate its business, as permitted by section 1108, no court authorization is necessary for the debtor to enter transactions that fall within the ordinary course of its business.”).

31. The Bankruptcy Code does not define “ordinary course of business.” In determining whether a transaction qualifies as “ordinary course,” the Third Circuit has adopted the “horizontal” dimension test (*i.e.*, whether “from an industry-wide perspective, the transaction is of the sort commonly undertaken by companies in that industry”) and “vertical” dimension test (*i.e.*, whether the transaction is consistent with the reasonable expectations of “hypothetical

creditors”). *In re Roth Am., Inc.*, 975 F.2d at 953. “The touchstone of ‘ordinariness’ is . . . the interested parties’ reasonable expectations of what transactions the debtor in possession is likely to enter in the course of its business.” *Id.* (citing *In re James A. Phillips, Inc.*, 29 B.R. 391, 394 (S.D.N.Y. 1983)); *see also In re Nellson Nutraceutical, Inc.*, 369 B.R. at 797 (“[A] debtor’s pre-petition business practices and conduct is the primary focus of the vertical analysis.”); *Sportsman’s Warehouse, Inc. v. McGillis/Eckman Invs.-Billings, LLC (In re Sportsman’s Warehouse, Inc.)*, Case No. 09-10990 (CSS), 2013 WL 492554, at *9 (Bankr. D. Del. Feb. 7, 2013) (citation omitted) (“In determining whether a transaction is in the ordinary course of business, the Third Circuit has adopted the two-part horizontal and vertical dimension test.”); *In re Blitz U.S.A., Inc.*, 475 B.R. 209, 214 (Bankr. D. Del. 2012) (same).

32. Included within the purview of section 363(c) of the Bankruptcy Code is a debtor’s ability to continue the “routine transactions” necessitated by a debtor’s cash management system. *Amdura Nat’l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). Accordingly, the Debtors seek authority under section 363(c)(1) of the Bankruptcy Code to continue the collection and disbursement of cash pursuant to their Cash Management System described above.

33. The Court may also exercise its equitable powers to grant the relief requested herein. Under section 105(a) of the Bankruptcy Code, the Court has expansive equitable powers to fashion any order or decree that is in the interest of preserving or protecting the value of the Debtors’ assets. *See In re Combustion Eng’g, Inc.*, 391 F.3d 190, 236 (3d Cir. 2004) (citation omitted) (noting that section 105 of the Bankruptcy Code “has been construed to give a bankruptcy court ‘broad authority’ to provide equitable relief appropriate to assure the orderly conduct of reorganization proceedings”); *In re Nixon*, 404 F. App’x 575, 578 (3d Cir. 2010)

(citation omitted) (“It is well settled that the court’s power under § 105(a) is broad.”); *In re Nortel Networks, Inc.*, 532 B.R. 494, 554 (Bankr. D. Del. 2015) (citations omitted) (“The Third Circuit has construed [section 105 of the Bankruptcy Code] to give bankruptcy courts ‘broad authority’ to provide appropriate equitable relief to assure the orderly conduct of reorganization proceedings, and to ‘craft flexible remedies that, while not expressly authorized by the Code, effect the result the Code was designed to obtain.’”); *see also In re Chinichian*, 784 F.2d 1440, 1443 (9th Cir. 1986) (citation omitted) (“Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code.”).

34. The Court’s power to utilize the “doctrine of necessity” in the Chapter 11 Cases derives from the Court’s inherent equity powers and its statutory authority to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The United States Supreme Court first articulated the doctrine of necessity more than a century ago, in *Miltenberger v. Logansport Ry. Co.*, 106 U.S. 286 (1882), in affirming the authorization by the lower court of the use of receivership funds to pay pre-receivership debts owed to employees, vendors, and suppliers, among others, when such payments were necessary to preserve the receivership property and the integrity of the business in receivership. *See id.* at 309. The modern application of the doctrine of necessity is largely unchanged from the Supreme Court’s reasoning in *Miltenberger*. *See In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581-82 (3d Cir. 1981) (“[I]n order to justify payment under the ‘necessity of payment’ rule, a real and immediate threat must exist that failure to pay will place the continued operation of the [debtor] in serious jeopardy.”); *Friedman’s Inc. v. Roth Staffing Cos., L.P. (In re Friedman’s Inc.)*, Case No. 09-10161 (CSS), 2011 WL 5975283, at *3 (Bankr. D. Del. Nov. 30, 2011) (citing *In re Enron Corp.*, 2003 WL 1562202, at *20 (Bankr. S.D.N.Y. Mar. 21, 2003))

(“The ‘doctrine of necessity’ stands for the proposition that a bankruptcy court may allow payment outside of a plan of reorganization on account of a pre-petition obligation where such payment is critical to the reorganization process.”); *In re Just for Feet, Inc.*, 242 B.R. 821, 824-25 (D. Del. 1999).

35. The doctrine of necessity “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *see also In re Just for Feet, Inc.*, 242 B.R. at 826 (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment); *In re Sharon Steel Corp.*, 159 B.R. 730, 736 (Bankr. W.D. Pa. 1993) (noting that courts grant debtors the authority to pay certain prepetition claims “where the payment is necessary to permit the effectuation of the rehabilitative purposes of the Bankruptcy Code”).

36. The doctrine of necessity is an accepted component of modern bankruptcy jurisprudence. *See In re Ionosphere Clubs, Inc.*, 98 B.R. at 175 (holding that the “ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept”); *In re Just For Feet, Inc.*, 242 B.R. at 826 (approving payment of key inventory suppliers’ prepetition claims when such suppliers could destroy debtor’s business by refusing to deliver new inventory on the eve of debtor’s key sales season); *see also Official Comm. of Unsecured Creditors of Motor Coach Indus. Int’l v. Motor Coach Indus. Int’l (In re Motor Coach Indus. Int’l)*, Case No. 09-078-SLR, 2009 WL 330993, at *2 n.5 (D. Del. Feb. 10, 2009); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994). The doctrine is frequently invoked early in a reorganization,

particularly in connection with those chapter 11 sections that relate to payment of prepetition claims. The court in *In re StructureLite Plastics Corp.* indicated its accord with “the principle that a bankruptcy court may exercise its equity powers under section 105(a) to authorize payment of prepetition claims where such payment is necessary to ‘permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.’” *In re StructureLite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988). The court stated that a “*per se* rule proscribing the payment of prepetition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code.” *Id.* at 932. Accordingly, pursuant to section 105(a) of the Bankruptcy Code, the Court is empowered to grant the relief requested herein.

37. In numerous cases in this district, courts have authorized similar relief to that requested herein. *See, e.g., In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Feb. 21, 2019); *In re TerraVia Holdings, Inc.*, Case No. 17-11655 (CCS) (Bankr. D. Del. Aug. 3, 2017); *In re Bonanza Creek Energy, Inc.*, Case No. 17-10015 (KJC) (Bankr. D. Del. Jan. 30, 2017); *In re Basic Energy Servs., Inc.*, Case No. 16-12320 (KJC) (Bankr. D. Del. Dec. 8, 2016); *In re Key Energy Servs., Inc.*, Case No. 16-12306 (BLS) (Bankr. D. Del. Nov. 14, 2016); *In re Halcón Res. Corp.*, Case No. 16-11724 (BLS) (Bankr. D. Del. Aug. 19, 2016); *In re Seventy Seven Fin. Inc.*, Case No. 16-11409 (LSS) (Bankr. D. Del. June 28, 2016); *In re Offshore Grp. Inv. Ltd.*, Case No. 15-12422 (BLS) (Bankr. D. Del. Jan. 5, 2016); *In re Millennium Lab Holdings II, LLC*, Case No. 15-12284 (LSS) (Bankr. D. Del. Dec. 14, 2015). The Debtors submit that the circumstances described herein warrant similar relief.

38. Continuing the Cash Management System without interruption is vital to the Debtors’ survival. In particular, an integrated cash management system “allows efficient

utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash.” *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff’d in part and rev’d in part*, 997 F.2d 1039 (3d Cir. 1993). The requirement to maintain all accounts separately “would be a huge administrative burden and [be] economically inefficient.” *Columbia Gas*, 997 F.2d at 1061; *see also In re Southmark Corp.*, 49 F.3d 1111, 1114 (5th Cir. 1995) (cash management system allows debtor “to administer more efficiently and effectively its financial operations and assets”).

39. The Cash Management System is the mechanism whereby the Debtors are able to transfer their revenue toward the payment of their obligations and without which the Debtors’ operations would be severely disrupted. It is well within the Court’s equitable power under section 105(a) of the Bankruptcy Code to approve the continued use of the Cash Management System.

40. Based upon the foregoing, the Debtors submit that the relief requested herein is essential, appropriate, and in the best interest of the Debtors’ estates and stakeholders. Absent this relief, the Debtors’ estates will suffer, possibly precipitously. Consequently, the Debtors’ stakeholders will benefit if the requested relief is granted.

The Debtors Should Be Allowed To Maintain
Their Existing Bank Accounts and Business Forms

41. To avoid delays in payments to administrative creditors, to ensure as smooth a transition into chapter 11 as possible with minimal disruption, and to aid in the Debtors’ efforts to preserve and enhance the value of the Debtors’ estates, it is important that the Debtors be permitted to continue to maintain the Bank Accounts with the same account numbers following the commencement of the Chapter 11 Cases, subject to a prohibition against honoring checks issued or dated before the Petition Date absent a prior order of the Court.

42. By avoiding the disruption and delay to the Debtors' disbursements that would necessarily result from closing the Bank Accounts and opening new Bank Accounts, all parties in interest, including employees, vendors, and counterparties, will be best served by preserving business continuity. The benefit to the Debtors, their business operations, and all parties in interest will be considerable. The confusion that would ensue absent the relief requested herein would substantially hinder the Debtors' restructuring efforts.

43. This Court has authority to waive the strict enforcement of the bank account closing requirements imposed pursuant to the U.S. Trustee Guidelines. Similar relief is routinely granted in this district. *See, e.g., In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Feb. 21, 2019); *In re TerraVia Holdings, Inc.*, Case No. 17-11655 (CCS) (Bankr. D. Del. Aug. 3, 2017); *In re Bonanza Creek Energy, Inc.*, Case No. 17-10015 (KJC) (Bankr. D. Del. Jan. 30, 2017); *In re Key Energy Servs., Inc.*, Case No. 16-12306 (BLS) (Bankr. D. Del. Nov. 14, 2016); *In re Halcón Res. Corp.*, Case No. 16-11724 (BLS) (Bankr. D. Del. Aug. 19, 2016); *In re Seventy Seven Fin. Inc.*, Case No. 16-11409 (LSS) (Bankr. D. Del. June 28, 2016); *In re Offshore Grp. Inv. Ltd.*, Case No. 15-12422 (BLS) (Bankr. D. Del. Jan. 5, 2016); *In re Parallel Energy LP*, Case No. 15-12263 (KG) (Bankr. D. Del. Dec. 22, 2015); *In re New Gulf Res., LLC*, Case No. 15-12566 (BLS) (Bankr. D. Del. Dec. 18, 2015); *In re Hercules Offshore, Inc.*, Case No. 15-11685 (KJC) (Bankr. D. Del. Sept. 8, 2015).

44. To minimize expenses, the Debtors further request that they be authorized to continue to use their correspondence and business forms, including, but not limited to, purchase orders, letterhead, envelopes, promotional materials, checks, invoices, sales orders, acknowledgements, and other business forms (collectively, the "**Business Forms**"), substantially in the forms existing immediately before the Petition Date, without reference to their status as

debtors in possession. As a result of the press releases issued by the Debtors and other press coverage, parties doing business with the Debtors undoubtedly will be aware of the Debtors' status as debtors in possession. In the absence of such relief, the Debtors' estates will be required to bear a potentially significant expense that the Debtors respectfully submit is unwarranted.

45. Once the Debtors' existing checks have been used, the Debtors will, when reordering checks, ensure that the designation "Debtor in Possession" and the corresponding bankruptcy case number will be printed on all checks. With respect to electronic checks and checks that the Debtors or their agents print themselves, the Debtors will begin printing the "Debtor in Possession" legend on such items within ten days of the date of entry of the interim order approving the relief requested herein. In other cases, courts in this district have allowed debtors to use their prepetition business forms without the "debtors in possession" label with similar conditions. *See, e.g., In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Feb. 21, 2019); *In re TerraVia Holdings, Inc.*, Case No. 17-11655 (CCS) (Bankr. D. Del. Aug. 3, 2017); *In re Bonanza Creek Energy, Inc.*, Case No. 17-10015 (KJC) (Bankr. D. Del. Jan. 30, 2017); *In re Basic Energy Servs., Inc.*, Case No. 16-12320 (KJC) (Bankr. D. Del. Dec. 8, 2016); *In re Key Energy Servs., Inc.*, Case No. 16-12306 (BLS) (Bankr. D. Del. Nov. 14, 2016); *In re Parallel Energy LP*, Case No. 15-12263 (KG) (Bankr. D. Del. Dec. 22, 2015); *In re New Gulf Res., LLC*, Case No. 15-12566 (BLS) (Bankr. D. Del. Dec. 18, 2015); *In re Santa Fe Gold Corp.*, Case No. 15-11761 (MFW) (Bankr. D. Del. Aug. 27, 2015); *In re EveryWare Global, Inc.*, Case No. 15-10743 (LSS) (Bankr. D. Del. Apr. 9, 2015).

46. If the Debtors are not permitted to maintain and use their Bank Accounts and continue to use their existing Business Forms as set forth herein, the resulting prejudice will

include (a) disruption of the ordinary financial affairs and business operations of the Debtors, (b) delay in the administration of the Debtors' estates, (c) compromise of the Debtors' internal controls and accounting system, and (d) costs to the Debtors' estates to set up new systems, open new accounts, and print new business forms.

The Debtors Should Be Authorized To Open and Close Bank Accounts

47. Pursuant to this Motion, the Debtors also seek authorization to implement changes to the Cash Management System in the ordinary course of business, including opening any additional bank accounts or closing any existing Bank Account as they may deem necessary and appropriate. The Debtors request that the Court authorize the Banks to honor the Debtors' requests to open or close, as the case may be, such bank accounts or additional bank accounts; *provided, however*, that, unless otherwise ordered by the Court, the Debtors shall open any such new bank account at a bank that has executed a Uniform Depository Agreement with the U.S. Trustee or at a bank willing to immediately execute such an agreement.

48. The Debtors further request that nothing contained in the Proposed Orders granting the relief requested herein shall prevent the Banks from modifying or terminating any Bank Accounts or related services in accordance with the agreements governing such accounts or services.

The Banks Should Be Authorized To Continue To Treat, Service, and Administer the Bank Accounts in the Ordinary Course of Business

49. The Debtors also seek entry of the Proposed Orders granting the Banks authority to:

- (a) continue to treat, service, and administer the Debtors' Bank Accounts, as accounts of the respective Debtor as a debtor-in-possession, without interruption, and in the ordinary course of business without the need for further order of the Court;

- (b) receive, process, honor, debit, and pay any and all checks, drafts, wires, check transfer requests, and/or automated clearinghouse transfers drawn on the Bank Accounts by the holders or makers thereof, including all checks which are cashed at the Banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date, as the case may be, to the extent that the Debtors have sufficient funds standing to their credit with such Bank;
- (c) receive, process, honor, and pay all checks or other items deposited in one of the Debtors' Bank Accounts with the Banks prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date;
- (d) receive, process, honor, and pay any and all other checks, drafts, wires, check transfer requests, and/or automated clearinghouse transfers evidencing amounts paid by the Debtors under the Proposed Orders whether presented prior to, on, or after the Petition Date; and
- (e) debit all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

50. The Debtors request that the Court grant relief from the U.S. Trustee Guidelines to the extent that they prohibit the Debtors from continuing to utilize their existing Cash Management System.

51. The Debtors request that the Court approve procedures for the Debtors to provide the Banks stop payment orders with respect to all outstanding and unpaid prepetition checks and other items drawn on any Bank Account which the Bankruptcy Court has not authorized by court order to be paid. The Debtors also request that all applicable financial institutions be authorized to (a) receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, the claims that the Debtors request authority to pay in this Motion, regardless of whether the checks were presented or fund transfer requests were submitted before, on, or after the Petition Date and (b) rely on the Debtors' designation of any particular check as approved by the Proposed Orders. Pursuant to the relief requested in this

Motion, the Banks shall not be liable to any party on account of (x) following the Debtors' instructions or representations as to any order of the Court, (y) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (z) an innocent mistake made despite implementation of reasonable item handling procedures.

52. The Debtors further request that the existing deposit agreements between the Debtors and the Banks continue to govern the post-petition cash management relationship between the Debtors and the Banks, and that all of the provisions of such agreements, including, without limitation, the termination and fee provisions, remain in full force and effect. The Debtors request authority for the Debtors and the Banks to agree to and implement changes to the Cash Management System and cash management procedures in the ordinary course of business, including, without limitation, the opening and closing of Bank Accounts, and for the Banks to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions, provided that the Banks shall not have any liability to any party for relying on such representations. The Debtors further request that the relief granted in the Proposed Orders extend to any new bank account opened by the Debtors after the date thereof and to the bank at which such account is opened.

53. The Debtors also request that, in accordance with current practice and the agreements governing the Bank Accounts, the Banks be authorized to "charge back" to the Debtors' Bank Accounts any amounts incurred by the Banks resulting from returned checks or other returned items, and the Debtors be authorized, but not directed, to pay, in their sole

discretion, any fees and expenses owed to the Banks, in each case, regardless of whether such items were deposited prepetition or post-petition or relate to prepetition or post-petition items.

54. The Debtors further request that any payment from a Bank Account at the request of the Debtors made by a Bank prior to the Petition Date (including any ACH Transfer such Bank is or becomes obligated to settle), or any instruments issued by such Bank on behalf of any Debtor pursuant to a “midnight deadline” or otherwise, be deemed to be paid prepetition, whether or not actually debited from such Bank Account prepetition.

The Deposit and Investment Requirements of Section 345(b) of the
Bankruptcy Code Should Be Waived on an Interim Basis

55. Section 345 of the Bankruptcy Code governs a debtor’s deposit and investment of cash during a chapter 11 case and authorizes deposits or investments of money as “will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment.” 11 U.S.C. § 345(a). For deposits or investments that are not “insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States,” section 345(b) of the Bankruptcy Code requires the estate to obtain, from the entity with which the money is deposited or invested, a bond in favor of the United States and secured by the undertaking of an adequate corporate surety, unless the court, for cause, orders otherwise.

56. Pursuant to Local Rule 2015-2(b), and subject to certain exceptions not relevant here, a waiver of the requirements set forth in section 345(b) of the Bankruptcy Code may not be granted without notice and a hearing. However, Local Rule 2015-2(b) provides that “if a motion for such a waiver is filed on the first day of a chapter 11 case in which there are more than 200 creditors, or otherwise with cause shown, the Court may grant an interim waiver until a hearing on the debtor’s motion can be held.” Del. Bankr. L.R. 2015-2(b).

57. Here, the Debtors satisfy both the procedural and substantive requirements necessary to obtain an interim waiver of section 345(b) of the Bankruptcy Code. The Debtors have filed this Motion on the first day of the Chapter 11 Cases, and the Debtors, collectively, have substantially more than 200 creditors. Accordingly, the Debtors' present request for an interim waiver is appropriate.

58. The Debtors submit that cause exists to waive the investment and deposit restrictions of section 345(b) of the Bankruptcy Code on an interim basis, as set forth in the Proposed Order, to the extent that the Debtors' cash management deposits do not comply. The Banks at which the Debtors maintain accounts are financially stable banking institutions and are FDIC insured (up to an applicable unit per account). Because the Debtors do not and do not plan to have any investments other than cash, the Debtors do not believe that any additional guaranties or sureties are necessary. The Debtors intend to be in chapter 11 only a short period of time, and the costs of having to obtain additional guaranties or sureties far outweigh the risk of the Debtors continuing to maintain their traditional cash-only Bank Accounts and for the short period of time they remain in chapter 11.

59. Courts in other large chapter 11 cases in this district have regularly granted such an interim waiver under similar circumstances. *See, e.g., In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Feb. 21, 2019); *In re TerraVia Holdings, Inc.*, Case No. 17-11655 (CCS) (Bankr. D. Del. Aug. 3, 2017); *In re Bonanza Creek Energy, Inc.*, Case No. 17-10015 (KJC) (Bankr. D. Del. Jan. 30, 2017); *In re Key Energy Servs., Inc.*, Case No. 16-12306 (BLS) (Bankr. D. Del. Oct. 25, 2016); *In re Seventy Seven Fin. Inc.*, Case No. 16-11409 (LSS) (Bankr. D. Del. June 8, 2016); *In re New Gulf Res., LLC*, Case No. 15-12566 (BLS) (Bankr. D. Del. Dec. 18, 2015); *In re Haggen Holdings, LLC*, Case No. 15-11874 (KG) (Bankr. D. Del. Sep. 10,

2015); *In re The Standard Register Co.*, Case No. 15-10541 (BLS) (Bankr. D. Del. Mar. 13, 2015).

Necessity of Immediate Relief

60. Bankruptcy Rule 6003 provides that “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” Fed. R. Bankr. P. 6003. If the Debtors are not permitted to continue their ordinary business operations by continuing to use their Cash Management System and Business Forms in their current forms, the Debtors could suffer immediate and irreparable harm. Accordingly, the relief requested herein is consistent with Bankruptcy Rule 6003.

Debtors’ Reservation of Rights

61. Nothing contained herein is intended or should be construed as, or deemed to constitute, an agreement or admission as to the validity of any claim against the Debtors on any grounds, a waiver or impairment of the Debtors’ rights to dispute any claim on any grounds, or an assumption or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve their rights to contest any claims related to their Cash Management System under applicable bankruptcy and non-bankruptcy law. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court’s order is not intended, and should not be construed, as an admission as to the validity of any claim or a waiver of the Debtors’ rights to dispute such claim subsequently.

Waiver of Stay Under Bankruptcy Rule 6004(h)

62. The Debtors also request that, to the extent applicable to the relief requested in this Motion, the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their businesses without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

Notice

63. Notice of this Motion will be provided to (a) the Office of the United States Trustee for the District of Delaware, (b) each of the Debtors’ 20 largest unsecured creditors on a consolidated basis, (c) Vinson & Elkins LLP, as counsel to Wells Fargo Bank, N.A., the administrative agent under Southcross’s prepetition secured revolving credit facility, (d) (x) Arnold & Porter Kaye Scholer LLP and (y) Young Conaway Stargatt & Taylor, LLP, as counsel to Wilmington Trust, N.A., the administrative agent under Southcross’s prepetition secured term loan facility and post-petition credit facility, (e) Willkie Farr & Gallagher LLP, as counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (f) Debevoise & Plimpton LLP, as counsel to Southcross Holdings LP, (g) the Securities and Exchange Commission, (h) the Internal Revenue Service, (i) the United States Attorney’s Office for the District of Delaware, and (j) each Bank (collectively, the “**Notice Parties**”).

64. Notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). A copy of this Motion and any order approving it will also

be made available on the Debtors' case information website located at <http://www.kccle.net/southcrossenergy>. Based on the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

No Prior Request

65. The Debtors have not previously sought the relief requested herein from the Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Orders substantially in the forms attached hereto as Exhibit D and Exhibit E, respectively, granting the relief requested herein and such other and further relief as the Court deems just and proper.

Dated: April 1, 2019
Wilmington, Delaware

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL
LLP

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*Proposed Counsel to the Debtors and Debtors in
Possession*

Exhibit A

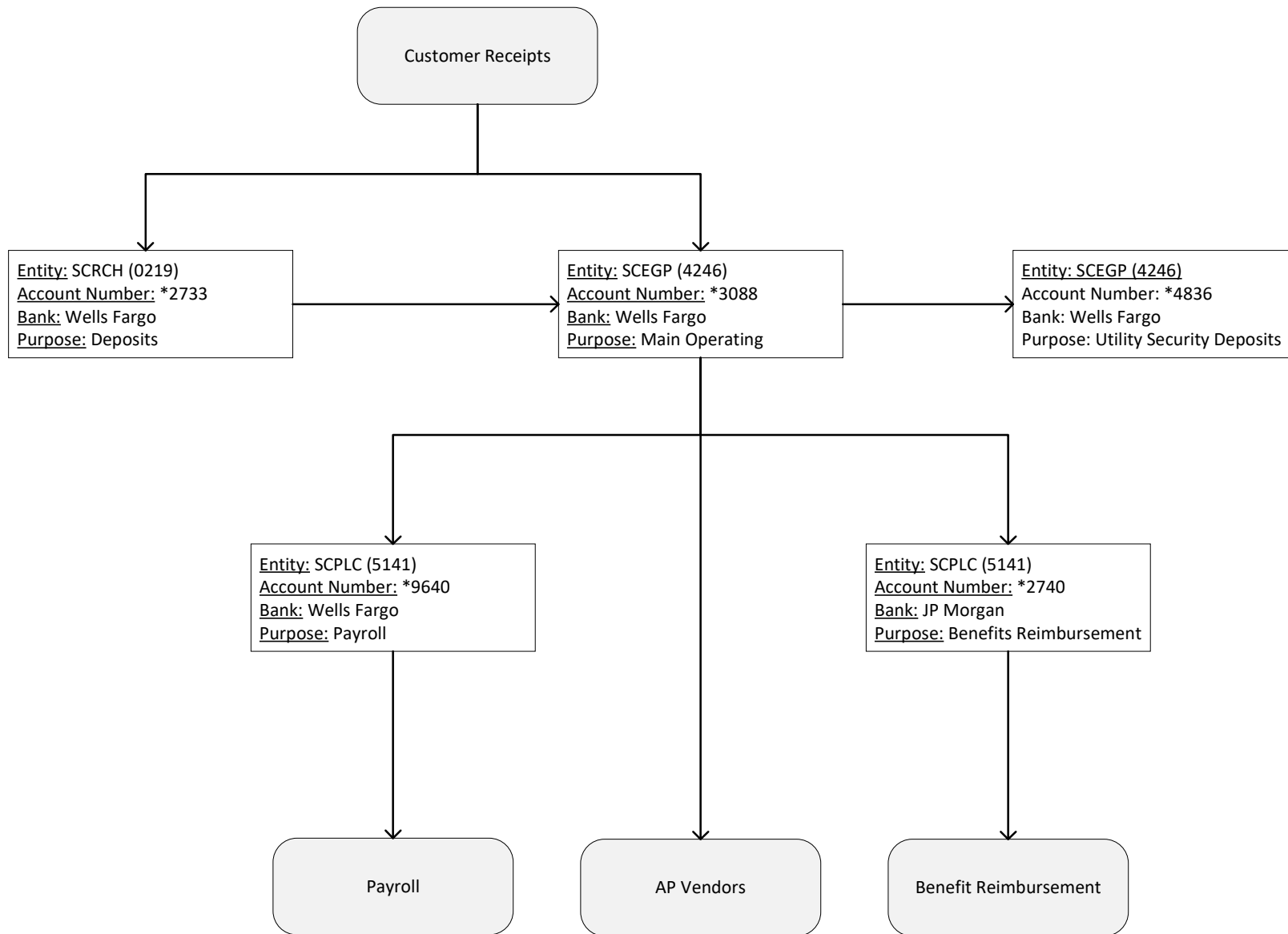
Bank Accounts

Bank Accounts

Entity Name	Debtor	Bank	Account # (Redacted)	Detail
Southcross Energy GP, LLC	Yes	Wells Fargo	*3088	Main Operating - MLP
FL Rich Gas Services, LP	Yes	Wells Fargo	*2733	Deposits – FL Rich Gas
Southcross Energy Partners GP, LLC	Yes	JPMorgan	*2740	Benefits Reimbursement
Southcross Energy Partners GP, LLC	Yes	Wells Fargo	*9640	Payroll
Southcross Energy GP, LLC	Yes	Wells Fargo	*4836	Utilities Security Deposit Account

Exhibit B

Diagram of Cash Management System

**Key**Debtor Bank
Account

External Entity

Key:SCEGP - Southcross Energy GP, LLC
SCPLC - Southcross Energy Partners GP, LLC
SCRCH - FL Rich Gas Services, LP

Exhibit C

Shared Services Agreement

SHARED SERVICES AGREEMENT

by and among

SOUTHCROSS ENERGY PARTNERS, L.P.

SOUTHCROSS ENERGY PARTNERS GP, LLC

SOUTHCROSS HOLDINGS LP

and

SOUTHCROSS HOLDINGS GP LLC

TABLE OF CONTENTS

Article I DEFINITIONS; CONSTRUCTION	3
Section 1.1. Definitions.....	3
Section 1.2. Construction	5
Article II SERVICES.....	5
Section 2.1. Scope of Services	5
Section 2.2. Exclusion of Services	5
Section 2.3. Performance of Services by Other Persons	5
Section 2.4. Payment Amount.....	5
Section 2.5. Payment of the Payment Amount.....	6
Section 2.6. Disputed Charges	6
Section 2.7. Employees	6
Section 2.8. Limitation of Duties and Liability	6
Article III REPRESENTATIONS AND WARRANTIES.....	7
Section 3.1. Representations by MLP GP	7
Section 3.2. Representations by Recipient Entities	7
Article IV CONFIDENTIAL INFORMATION	7
Section 4.1. Information.....	7
Section 4.2. Definition	8
Section 4.3. Legal Requirement	8
Section 4.4. Survival	8
Article V INTELLECTUAL PROPERTY	8
Section 5.1. Ownership by MLP GP and License to the Recipient Entities.....	8
Section 5.2. License to MLP GP	8
Article VI TERMINATION; MISCELLANEOUS	8
Section 6.1. Termination	8
Section 6.2. Choice of Law; Submission to Jurisdiction.....	8
Section 6.3. Dispute Resolution	9
Section 6.4. Notice	9
Section 6.5. Entire Agreement	10
Section 6.6. Amendment or Modification	10
Section 6.7. Assignment.....	10
Section 6.8. Counterparts	10
Section 6.9. Severability	10
Section 6.10. Further Assurances.....	10
Section 6.11. No Waiver	10
Section 6.12. Set Off.....	11
Section 6.13. Rights of Third Parties	11
Section 6.14. Representation by Counsel.....	11
Schedule I Services	

SHARED SERVICES AGREEMENT

This Shared Services Agreement (this “**Agreement**”) is made and entered into as of March 31, 2019 (the “**Execution Date**”), by and among Southcross Energy Partners, L.P. (“**MLP**”), a Delaware limited liability partnership, Southcross Energy Partners GP, LLC (“**MLP GP**”), a Delaware limited liability company and the sole general partner of MLP, Southcross Holdings LP (“**Holdings**”), a Delaware limited liability partnership, and Southcross Holdings GP LLC (“**Holdings GP**”), a Delaware limited liability company and the sole general partner of Holdings. Each of the parties to this Agreement is sometimes referred to individually in this Agreement as a “**Party**” and are sometimes collectively referred to in this Agreement as the “**Parties**.” Capitalized terms used but not otherwise defined herein have the meanings assigned to such terms in Article I.

R E C I T A L S:

The Parties desire by their execution of this Agreement to evidence their agreement with respect to certain obligations of the Parties, as more fully set forth herein.

In consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

DEFINITIONS; CONSTRUCTION

Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

“**Affiliate**” means (i) with respect to MLP, any Subsidiary of MLP; (ii) with respect to Holdings, any Person that directly or indirectly through one or more intermediaries controls Holdings and any Subsidiary of Holdings, excluding MLP Parties; (iii) with respect to MLP GP, no person or entity, and (iv) with respect to any other Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such first Person. As used herein, the term “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of Voting Securities, by contract or otherwise.

“**Agreement**” is defined in the introduction to this Agreement.

“**Applicable Laws**” means all statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals and rules of common law of each Governmental Authority having jurisdiction over the Parties, all health, building, fire, safety and other codes, ordinances and requirements and all applicable standards of the National Board of Fire Underwriters, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree, judgment or settlement; in each case, as applicable to the Parties, as the case may be.

“**Business**” is defined in Section 2.1.

“**Business Day**” means any day other than a Saturday, a Sunday or a holiday on which banking institutions in the State of Texas are closed.

“**Default Rate**” shall mean interest at the rate per annum equal to the one-month term, London Interbank Offered Rate (LIBOR rate) for U.S. dollar deposits, plus five percentage points per annum, applicable on the first Business Day prior to the due date of payment and thereafter on the first Business Day of each succeeding month; provided, however, that the Default Rate shall never exceed the maximum rate permitted by applicable Law.

“**Execution Date**” is defined in the introduction to this Agreement.

“**Executive**” means an individual approved by the Board of Directors of either the MLP GP or the Holdings GP to serve as Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer, or General Counsel of the relevant entity.

“**Governmental Authority**” means any executive, legislative, judicial, regulatory or administrative agency, body, commission, department, board, court, tribunal, arbitrating body or authority of the United States or any foreign country, or any state, local or other governmental subdivision thereof.

“Holdings” means Southcross Holdings, LP.

“Holdings GP” means Southcross Holdings GP, LLC.

“Holdings Parties” means Holdings GP and Holdings and its Subsidiaries, other than MLP GP and the MLP Parties.

“Holdings Partnership Agreement” means that certain Agreement of Limited Partnership of Southcross Holdings, L.P., dated as of April 13, 2016, as amended through the Execution Date, to which reference is hereby made for all purposes of this Agreement.

“MLP” means Southcross Energy Partners, L.P.

“MLP Change of Control” means the first occurrence after the date of this Agreement of any of the following events: (i) MLP GP ceases to be the general partner of MLP, (ii) Holdings ceases to indirectly beneficially own securities representing at least 50% of the combined Voting Securities of MLP GP; (iii) MLP GP or MLP is merged or consolidated with another entity and, as a result thereof, securities representing less than 50% of the combined voting power of the surviving or resulting entity’s Voting Securities (or of the securities of a parent entity in case of a merger in which the surviving or resulting entity becomes a wholly owned subsidiary of such parent entity) are owned in the aggregate by existing holders of MLP GP’s or MLP’s, as applicable, outstanding Voting Securities immediately before such merger or consolidation; or (iv) a sale of MLP, or a sale of all or substantially all of the assets of MLP, in each case to an unrelated third party.

“MLP GP” means Southcross Energy Partners GP, LLC.

“MLP Parties” means MLP GP and MLP and its Subsidiaries.

“MLP Partnership Agreement” means that certain Third Amended and Restated Agreement of Limited Partnership of Southcross Energy Partners, L.P., dated as of August 4, 2014, as amended through the Execution Date, to which reference is hereby made for all purposes of this Agreement.

“Party” and **“Parties”** are defined in the introduction to this Agreement.

“Payment Amount” is defined in Section 2.4.

“Person” means any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any Governmental Authority.

“Personnel” means individuals who are employed by MLP GP and provided to the Recipient Entities in connection with provision of the Services, or who are consultants or agents of MLP GP in connection with the provision of the Services.

“Personnel Costs” means all ordinary course payroll and benefits costs incurred by an employer in connection with the employment by such employer of applicable Personnel, but shall not, without the consent of both MLP and Holdings, include any retention bonus.

“Recipient Entities” means MLP, Holdings, Holdings GP and their respective Subsidiaries, successors and permitted assigns.

“Services” is defined in Section 2.1.

“Subsidiary” means, with respect to any Person, (a) a corporation or limited liability company of which more than 50% of the voting power of shares or membership interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation or limited liability company is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general partner of such partnership, but only if such Person, directly or by one or more Subsidiaries of such Person, or a combination thereof, controls such partnership on the date of determination or (c) any other Person in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination,

has (i) a majority ownership interest with voting power to control such Person or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

“**Transfer**” including the correlative terms “**Transferring**” or “**Transferred**” means any direct or indirect transfer, assignment, sale, gift, pledge, hypothecation or other encumbrance, or any other disposition (whether voluntary, involuntary or by operation of law).

“**Voting Securities**” of any Person as of any date means the equity interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers, general partners or trustees of such Person (regardless of whether, at the time, equity interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

Construction. In this Agreement, unless a clear contrary intention appears: (a) the singular includes the plural and vice versa; (b) reference to a Person includes such Person’s successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (c) reference to any gender includes each other gender; (d) references to any Exhibit, Schedule, Section, Article, Annex, subsection and other subdivision refer to the corresponding Exhibits, Schedules, Sections, Articles, Annexes, subsections and other subdivisions of this Agreement unless expressly provided otherwise; (e) references in any Section or Article or definition to any clause means such clause of such Section, Article or definition; (f) “hereunder,” “hereof,” “hereto” and words of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement; (g) the word “or” is not exclusive, and the word “including” (in its various forms) means “including without limitation”; (h) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with GAAP; (i) references to “days” are to calendar days; and (j) all references to money refer to the lawful currency of the United States. The Table of Contents and the Article and Section titles and headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

SERVICES

Scope of Services. MLP GP agrees to provide for the Recipient Entities’ benefit, the corporate and general and administrative services necessary to run the business of the Recipient Entities (the “**Business**”), which services may include those services set forth in Schedule I to this Agreement (collectively, the “**Services**”), all to the extent requested by the Recipient Entities.

Exclusion of Services. At any time, the Recipient Entities may temporarily or permanently exclude any particular service or all services from the scope of the Services upon 30 days’ notice, with a commensurate adjustment to the payment obligations as reflected in Section 2.4 and Schedule A.

Performance of Services by Other Persons. The Parties hereby agree that in discharging their obligations hereunder, MLP GP may engage other Persons to perform the Services (or any part of the Services) on its behalf and that the performance of the Services (or any part of the Services) by any such Person shall be treated as if MLP GP performed such Services. No such delegation by MLP GP to other Persons shall relieve MLP GP of its obligations hereunder. The relevant portion of the cost of Services performed by such other persons shall be passed on to the Recipient Entities without markup or increase by MLP GP.

Payment Amount. The Recipient Entities shall pay, or cause to be paid, to MLP GP the amount of their allocable share (the “**Payment Amount**”) of any direct or indirect expenses, including Personnel Costs, incurred by MLP GP in connection with the provision of Services by MLP GP that are incurred in the ordinary course. However, each of the Recipient Entities shall bear the full amount of expenses incurred for its benefit by MLP GP that specifically relate to or arise from its participation in proceedings in which any Party is a debtor under chapter 11 of the U.S. Bankruptcy Code (including any costs of debtor-in-possession financing and any payments to professionals retained by or for the benefit of the MLP Parties or the Holdings Parties). The allocation of the Payment Amount shall be consistent with the principles set forth in Schedule I to this Agreement, and the Payment Amount will include, among other things, the amounts described in the following paragraphs (each of which is intended to be reflected in the allocations set forth in Schedule I):

Office Costs. The Payment Amount will include each Recipient Entity's share of the costs for office space occupied by Personnel providing Services (including all costs relating to office leases, equipment leases, supplies, property taxes and utilities) for all locations of Personnel, as determined by mutual agreement between the MLP GP and Holdings GP in good faith and subject to redetermination by the Parties in good faith, if requested by either MLP GP or Holdings GP, no more than quarterly, which allocation must be in accordance with United States generally accepted accounting principles.

Insurance. Insurance premiums will be directly charged to the applicable insured to the extent possible; otherwise, the Payment Amount will include each Recipient Entity's share, allocated as determined by mutual agreement between the MLP GP and Holdings GP in good faith and subject to redetermination by the Parties in good faith, if requested by either MLP GP or Holdings GP, no more than quarterly, which allocation must be in accordance with United States generally accepted accounting principles.

Outside Services. Services provided by outside vendors (including outside audit services, outside legal services and other services) will first be directly charged to the recipient of such services where applicable. The Payment Amount will include a share of charges for all services that are provided by outside vendors for the benefit of both the MLP Parties and the Recipient Parties, as determined by mutual agreement between the MLP GP and Holdings GP in good faith and subject to redetermination by the Parties in good faith, if requested by either MLP GP or Holdings GP, no more than quarterly, which allocation must be in accordance with United States generally accepted accounting principles.

Other Corporate Costs. The Payment Amount will include a share of all other corporate costs (including corporate operating costs) relating to the Recipient Entities, as determined by mutual agreement between the MLP GP and Holdings GP in good faith and redetermination by the Parties in good faith, if requested by either MLP GP or Holdings GP, no more than quarterly, which allocation must be in accordance with United States generally accepted accounting principles.

Payment of the Payment Amount. MLP GP shall submit monthly invoices and reasonable supporting documentation to each of the Recipient Entities for the Services on or before the 20th day of each month, which invoices shall be due and payable not later than 30 days following receipt of such invoice. If the due date for payment is not a Business Day, then the due date for payment shall be the next following Business Day. The Recipient Entities shall pay, or cause their Affiliates to pay, to MLP GP in immediately available funds, the full Payment Amount due under Section 2.4, other than any amounts that are subject to dispute pursuant to Section 2.6. If the Recipient Entities fail to make payment of any amount of any monthly invoice that is not subject to a dispute pursuant to Section 2.6, on or before the later of (i) the 60th day after such payment is due and payable and (ii) the 15th day after notice by MLP GP of such non-payment, MLP GP shall have the right to suspend the provision of the Services hereunder until such payment is made.

Disputed Charges. THE RECIPIENT ENTITIES MAY, WITHIN 30 DAYS AFTER RECEIPT OF A CHARGE FROM MLP GP, TAKE WRITTEN EXCEPTION TO SUCH CHARGE, ON THE GROUND THAT THE SAME WAS NOT A REASONABLE COST INCURRED BY MLP GP IN CONNECTION WITH THE SERVICES. THE RECIPIENT ENTITIES SHALL NEVERTHELESS PAY, OR CAUSE THEIR AFFILIATES TO PAY, WHEN DUE THE PAYMENT AMOUNT OWED TO MLP GP LESS THE AMOUNT OF THE DISPUTED CHARGE. SUCH PAYMENT SHALL NOT BE DEEMED A WAIVER OF THE RIGHT OF A PARTY TO RECOUP ANY PORTION OF ANY AMOUNT SO PAID, AND ACCEPTANCE OF SUCH PAYMENT SHALL NOT BE DEEMED A WAIVER OF THE RIGHT OF A PARTY TO SEEK ADDITIONAL PAYMENTS.

Employees. The Recipient Entities shall not be obligated to pay directly to Personnel any compensation, salaries, wages, bonuses, benefits, social security taxes, workers' compensation insurance, retirement and insurance benefits, training or other expenses.

Limitation of Duties and Liability. The relationship of MLP GP to the Recipient Entities pursuant to this Article II is as an independent contractor and nothing in this Agreement shall be construed to impose on MLP GP, or on any of its Affiliates, or on any of their respective successors and permitted assigns, or on their respective employees, officers, members, managers, directors, agents and representatives, any express or implied fiduciary duty. MLP GP and its Affiliates and their respective successors and permitted assigns, together with their respective employees, officers, members, managers, directors, agents and representatives, shall not be liable for, and the Recipient Entities shall not take, or permit to be taken, any action against any of such Persons to hold such Persons liable for (a) any error of judgment or mistake of law by such Persons or for any loss suffered by such Persons in connection with the performance of any Services under this Agreement, except for a liability or loss resulting from gross negligence, willful misconduct, bad faith, reckless disregard or failure to exercise reasonable care in the performance by such Persons of the Services, or (b) any fraudulent or dishonest acts by the

Recipient Entities. In no event, whether based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise, shall MLP GP or its Affiliates or the Recipient Entities, their respective successors and permitted assigns, or their respective employees, officers, members, managers, directors, agents or representatives, be liable for lost profits or special, consequential, exemplary or punitive damages (except, in the cases of lost profits, special damages and consequential damages, to the extent such damages are reasonably foreseeable).

Conflicts of Interest. The Holdings Parties, MLP GP, and the MLP Parties each understand and acknowledge that certain employees or officers of the Parties may have duties, including fiduciary duties, with respect to the Holdings Parties, MLP GP and/or the MLP Parties, including duties that may arise if any of the Parties becomes a debtor in possession under chapter 11 of the U.S. Bankruptcy Code. Nothing in this Agreement shall require any Party to cause any such employee or officer to hold any position or perform any responsibilities that such Party reasonably believes may be incompatible with such employee's or officer's fiduciary duties or that may be inconsistent with such Party's conflicts policies or ethical standards. Furthermore, to the extent a conflict of interest may arise among the Holdings Parties, MLP GP, and/or the MLP Parties, any employee or officer shall be permitted to recuse himself from making decisions with respect to the matter with respect to the Holdings Parties, MLP GP, and/or the MLP Parties, as applicable (but shall provide such information and analysis as is requested by any of the applicable Parties consistent with such employee's job description). For the avoidance of doubt, the chief executive officer, chief financial officer, and general counsel of MLP GP and the MLP Parties (the "**Major Executives**") shall not be obliged to serve as officers of any of the Holdings Parties, to act as fiduciaries with respect to the Holdings Parties, or to provide legal advice to any of the Holdings Parties.

REPRESENTATIONS AND WARRANTIES

Representations by MLP GP. MLP GP represents and warrants to the Recipient Entities that:

MLP GP is duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own and lease the properties and assets it currently owns and leases and to conduct its activities as such activities are currently conducted and as contemplated by this Agreement.

MLP GP has all requisite power, authority and capacity to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by MLP GP have been duly and validly authorized by all necessary action on the part of MLP GP, and this Agreement has been duly and validly executed and delivered by MLP GP, and is the valid and binding obligation of MLP GP, enforceable against MLP GP in accordance with its terms, subject to applicable laws of bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

The execution, delivery and performance by MLP GP of this Agreement does not and will not (1) conflict with or violate any provision of MLP GP's organizational documents; (2) violate any provision of any Applicable Laws; (3) conflict with, violate, result in a breach of, constitute a default under (without regard to requirements of notice, lapse of time, or elections of other Persons, or any combination thereof) or accelerate or permit the acceleration of the performance required by, any contracts or other instruments to which MLP GP is a party or by which either MLP GP is bound or affected that would adversely affect MLP GP's ability to provide the Services hereunder; or (4) require any consent, approval, or authorization of, or filing of any certificate, notice, application, report, or other document with, any Governmental Authority or other Person that has not been obtained or the failure to obtain that would adversely affect MLP GP's ability to provide the Services hereunder.

Representations by Recipient Entities. Each of the Recipient Entities represents and warrants to MLP GP that:

Such Recipient Entity is duly organized, validly existing and in good standing under the laws of the state of its organization, and, as of the Execution Date, has all requisite power and authority to own and lease the properties and assets it currently owns and leases and to conduct its activities as such activities are currently conducted and as contemplated by this Agreement.

Such Recipient Entity has all requisite power, authority and capacity to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by such Recipient Entity have been duly and validly authorized by all necessary action on the part of such Recipient Entity, and this Agreement has been duly and validly

executed and delivered by such Recipient Entity, and is the valid and binding obligation of such Recipient Entity, enforceable against such Recipient Entity in accordance with its terms, subject to applicable laws of bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

The execution, delivery and performance by such Recipient Entity of this Agreement do not and will not (5) conflict with or violate any provision of such Recipient Entity's organizational documents; (6) violate any provision of any Applicable Laws; (7) conflict with, violate, result in a breach of, constitute a default under (without regard to requirements of notice, lapse of time, or elections of other Persons, or any combination thereof) or accelerate or permit the acceleration of the performance required by, any contracts or other instruments to which such Recipient Entity is a party or by which such Recipient Entity is bound or affected, which would cause a material adverse impact on MLP GP; or (8) require any consent, approval, or authorization of, or filing of any certificate, notice, application, report, or other document with, any Governmental Authority or other Person that has not been obtained or the failure to obtain which would cause a material adverse impact on MLP GP.

TERMINATION; MISCELLANEOUS

Termination. This Agreement may be terminated (a) by the written agreement of all of the Parties or (b) by any Party by 45 days' written notice, given to the other Parties to this Agreement upon or after the earlier of (i) an MLP Change of Control and (ii) November 17, 2019; *provided* that MLP GP and the MLP Parties shall use commercially reasonable efforts to encourage their successor or the purchaser of all or substantially all of their assets, as applicable, to negotiate in good faith to provide, for a limited period of time, any Services reasonably requested by the Holdings Parties.

Choice of Law; Submission to Jurisdiction. This Agreement shall be subject to and governed by the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state. Each of the Parties hereby agrees: (i) to submit to the exclusive jurisdiction of any state or federal court sitting in Houston, Texas in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby; (ii) that all claims in respect of any such action or proceeding may be heard and determined in any such court; (iii) that such Party will not bring any action or proceeding arising out of or relating to this Agreement in any other court; and (iv) that such Party waives any defense of inconvenient forum to the maintenance of any such action or proceeding, and waives any bond, surety or other security that might be required of any other Party with respect to any such action or proceeding.

Notice. Any notice, demand or communication required or permitted under this Agreement shall be in writing and delivered personally, by reputable overnight delivery service or other courier or by certified mail, postage prepaid, return receipt requested, and shall be deemed to have been duly given (a) as of the date of delivery if delivered personally or by overnight delivery service or other courier or (b) on the date receipt is acknowledged if delivered by certified mail, addressed as follows; *provided* that a notice of a change of address shall be effective only upon receipt thereof:

If to MLP or any of its Affiliates:

Southcross Energy Partners, L.P.
Attn: Kelly Jameson
1717 Main Street
Suite 5300
Dallas, TX 75201

If to MLP GP:

Southcross Energy Partners, L.P.
Attn: Kelly Jameson
1717 Main Street
Suite 5300
Dallas, TX 75201

If to Holdings or any of its Affiliates:

Southcross Holdings GP LLC
Attn: Alan Boswell
1717 Main Street
Suite 5300
Dallas, TX 75201

With a copy to:
Debevoise and Plimpton, LLP
Attn: M. Natasha Labovitz
919 Third Avenue
New York, New York 10022

Entire Agreement. This Agreement (including any exhibits and schedules hereto) constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, among the Parties or between any of them with respect to such subject matter.

Amendment or Modification. This Agreement may be amended, modified or supplemented from time to time only by the written agreement of all the Parties. Each such instrument shall be reduced to writing and shall be designated on its face an "Amendment" or an "Addendum" to this Agreement.

Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns. Except as provided in this Agreement, no Party may assign or transfer this Agreement or any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties.

Counterparts. This Agreement may be executed by email signatures by any Party and such signature shall be deemed binding for all purposes hereof, without delivery of an original signature being thereafter required. This Agreement may be executed in one or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document.

Severability. If any portion of this Agreement is held to be illegal, invalid or unenforceable under present or future Applicable Laws governing this Agreement by a final, non-appealable judgment of a court having jurisdiction hereof, (a) such provision shall be fully severable and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such provision or by its severance from this Agreement, (b) each Party agrees to take any actions necessary to render the remaining provisions of this Agreement valid and enforceable to the fullest extent permitted by Applicable Laws governing this Agreement and, to the extent necessary, to amend or otherwise modify this Agreement to replace any such provision with a legal, valid and enforceable provision giving effect to the original intent of the Parties.

Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each Party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

No Waiver. Any failure of any of the Parties to comply with any obligation, covenant, agreement or condition in this Agreement may be waived by the Party or Parties entitled to the benefits thereof only by a written instrument signed by the Party or Parties granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Set Off. Each Party has the right to set off against any amounts due to the other Party hereunder any and all amounts that the other Party owes to the first Party under this Agreement.

Rights of Third Parties. This Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns. None of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including any creditor of any Party, any of its Affiliates or any Limited Partner of Recipient Entities. No such third party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any claim in respect of any liability (or otherwise) against any other Party.

Representation by Counsel. Each Party agrees that it has been represented by independent counsel of its choice during the negotiation and execution of this Agreement and the documents referred to herein, and that it has executed the same upon the advice of such independent counsel. Each Party and its counsel cooperated in the drafting and preparation of this Agreement and the documents referred to herein, and any and all drafts relating thereto shall be deemed the work product of the Parties and may not be construed against any Party by reason of its preparation. Therefore, the Parties waive the application of any Applicable Law providing that ambiguities in an agreement or other document will be construed against the Party drafting such agreement or document.

[Signatures page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on, and effective as of, the Execution Date.

SOUTHCROSS ENERGY PARTNERS, L.P.
BY: SOUTHCROSS ENERGY PARTNERS
GP, LLC, its general partner

By: James W. Swent III

Name: James W. Swent, III

Title: President and CEO

SOUTHCROSS ENERGY PARTNERS GP,
LLC

By: James W. Swent III

Name: James W. Swent, III

Title: President and CEO

SOUTHCROSS HOLDINGS LP

By: _____

Name:

Title:

SOUTHCROSS HOLDINGS GP LLC

By: _____

Name:

Title:

Name: _____

Title: _____

**SOUTHCROSS ENERGY PARTNERS GP,
LLC**

By: _____

Name: _____

Title: _____

SOUTHCROSS HOLDINGS LP

By: _____

Name: Alan Boswell

Title: President and
Chief Executive Officer

SOUTHCROSS HOLDINGS GP LLC

By: _____

Name: Alan Boswell

Title: President and
Chief Executive Officer

SCHEDULE I**SERVICES**

	Internal Labor		3rd Party Costs	
	MLP	Holdings	MLP	Holdings
	85%	15%	85%	15%
Cost allocations^(a)				
Services				
Executive team generally	90%	10%	90%	10%
Costs specific to MLP CFO ^(b)	85%	15%	85%	15%
Costs specific to other MLP Executives	100%	0%	100%	0%
Costs specific to Holdings Executives	0%	100%	0%	100%
Costs specific to common Executives (initially includes only the Chief Operating Officer)	85%	15%	85%	15%
Accounting services ^(c) , Investor relations ^(d) , Banking, financial and treasury services ^(e)	85%	15%	85%	15%
Commercial ^(f)	85%	15%	85%	15%
Contract administration	85%	15%	85%	15%
Legal and regulatory services ^(g)	85%	15%	85%	15%
Information technology services ^(h)	85%	15%	85%	15%
Administrative and clerical services ⁽ⁱ⁾	85%	15%	85%	15%
Human resources ^(j)	85%	15%	85%	15%

Notes:

^(a) Unless otherwise specifically noted below, all costs are allocated 85% to MLP and 15% to Holdings. This schedule, and all allocations, are subject to review and adjustment based on adjustments to actual operations (such as hiring new employees whose functions are primarily allocated to the MLP Parties or the Holdings Parties) and is intended to reflect a fair allocation of actual costs. The Parties agree to meet and confer regularly to review allocations and determine if any adjustments are appropriate.

^(b) This split will apply to the MLP Parties' CFO so long as he provides consulting advice to the Holdings Parties. Otherwise, MLP will bear 100% of the cost of MLP Parties' CFO.

^(c) Maintenance of corporate books and records, preparation of tax returns and arranging for accounting services.

^(d) Advisory, clerical, and investor relations services to assist in communications with common unitholders.

^(e) Cash management including budgets, banking services and bank accounts, deposit of funds, and maintaining compliance.

^(f) Gas supply and marketing and NGL marketing.

^(g) Legal, regulatory and other related professional services, excluding the costs of the General Counsel

^(h) Information technology services to assist and support in the monitoring and maintenance of systems.

⁽ⁱ⁾ Assistance with office space and all other administrative matters.

^(j) Management of payroll, benefits, payroll taxes, withholdings and other HR matters.

Exhibit D

Proposed Interim Order

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

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

**INTERIM ORDER AUTHORIZING (I) DEBTORS TO CONTINUE TO
MAINTAIN EXISTING CASH MANAGEMENT SYSTEM, BANK
ACCOUNTS, AND BUSINESS FORMS AND (II) FINANCIAL
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND
TRANSFERS**

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 interim and final orders pursuant to sections 105(a), 345, 363(c)(1), and 364(a) of the Bankruptcy Code, (a) authorizing, but not directing, the Debtors to (i) continue to operate the Cash Management System, (ii) maintain the Bank

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 Motion.

Accounts located at the Banks, and (iii) maintain the Debtors' existing business forms,

(b) waiving the requirements of section 345(b) of the Bankruptcy Code on an interim basis, and

(c) authorizing the Debtors' financial institutions to receive, process, honor, and pay all checks or wire transfers used by the Debtors to pay for the foregoing, 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 Howe Declaration; and the Court having held a hearing on the Motion (the "**Hearing**"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and the Court having found that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and the Court having determined that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted on an interim basis as set forth herein.

2. Subject to the limitations of this order, the Debtors are authorized, but not directed, pursuant to sections 105(a) and 363(c)(1) of the Bankruptcy Code, to continue, in their sole discretion, to maintain, operate, and make transfers under their Cash Management System as described in the Motion.

3. The Debtors shall maintain full, accurate, and complete records of all transfers within the Cash Management System at least to the same extent as they were recorded by the Debtors before the Petition Date in order to reconcile net amounts that may become due from one Debtor to another Debtor or non-Debtor affiliate in respect to cash disbursements or transfer made between them or for their benefit from and after the Petition Date; *provided* that prior to the entry of a final Order, transfers from the Debtors to non-Debtor affiliates shall not exceed \$1,000,000. A Debtor that is owed money from another Debtor on account of cash disbursements or transfers made from and after the Petition Date shall have an administrative claim against such other Debtor in respect to any such post-petition disbursement or transfer.

4. To the extent that cash, including cash collateral (as defined in the Bankruptcy Code), of any Debtor is used by another Debtor, the Debtor funding such use shall have an allowed superpriority administrative expense claim pursuant to sections 503(b) and 507(a) of the Bankruptcy Code junior in priority only to Adequate Protection Claims (as defined in the *Interim Order Pursuant to 11 U.S.C. §§ 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, (vi) Scheduling Final Hearing and (VII) Granting Related Relief) (the “**DIP Order**”).

5. The Debtors are authorized, but not directed, to continue, in their sole discretion, to maintain the Bank Accounts with the same account numbers following the commencement of the Chapter 11 Cases.

6. The Banks are authorized, but not required, to (a) continue to treat, service, and administer the Debtors’ Bank Accounts, as accounts of the respective Debtor as a debtor in possession, without interruption, and in the ordinary course of business without the need for further order of this Court, (b) receive, process, honor, debit, and pay any and all checks, drafts, wires, check transfer requests, and/or automated clearinghouse transfers drawn on the Bank Accounts by the holders or makers thereof, including all checks that are cashed at the Banks’ counters or exchanged for cashier’s checks by the payees thereof prior to the Petition Date, as the case may be, to the extent that the Debtors have sufficient funds standing to their credit with such Bank, (c) receive, process, honor, and pay all checks or other items deposited in one of the Debtors’ Bank Accounts with the Banks prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date, (d) receive, process, honor, and pay any and all other checks, drafts, wires, check transfer requests, and/or automated clearinghouse transfers evidencing amounts paid by the Debtors under this Order whether presented prior to, on, or after the Petition Date, and (e) debit all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

7. The Banks may rely on the representations of the Debtors with respect to whether any check, draft, wire, or other payment drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any other order of this Court, and the Banks shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) an innocent mistake made despite implementation of reasonable item handling procedures.

8. Those certain existing deposit agreements between the Debtors and the Banks shall continue to govern the post-petition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

9. In accordance with current practice and any applicable agreement governing the Bank Accounts, the Banks are authorized to "charge back" to the Debtors' accounts any amounts incurred by the Banks resulting from returned checks or other returned items, and the Debtors are authorized, but not directed, to pay, in their sole discretion, any fees and expenses owed to the Banks (and the Banks are authorized to debit or charge back the Bank Accounts for any such fees and expenses unless notified by the Debtors that any such fees or expenses are disputed), in each case regardless of whether such items were deposited prepetition or post-petition or relate to prepetition or post-petition items.

10. The Banks are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided* that the Banks shall not have any liability to any party for relying on such representations.

11. The relief granted in this order is extended to any new bank account opened by the Debtors after the date hereof and to the bank at which such account is opened.

12. Any payment from a Bank Account at the request of the Debtors made by a Bank prior to the Petition Date (including any ACH Transfer such Bank is or becomes obligated to settle), or any instruments issued by such Bank on behalf of any Debtor pursuant to a “midnight deadline” or otherwise, shall be deemed to be paid prepetition, whether or not actually debited from the Bank Account prepetition.

13. The Debtors and the Banks are authorized, but not directed, without further order of the Court, to implement changes to the Cash Management System in the ordinary course of business, including opening any additional Bank Accounts or closing any existing Bank Account as they may deem necessary and appropriate.

14. For Banks that have not signed a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall have 45 days from the Petition Date (the “**Extension Period**”) within which to comply with section 345(b) of the Bankruptcy Code or to make arrangements to which the U.S. Trustee agrees, and such extension is without prejudice to the Debtors’ right to request a further extension of the Extension Period or waiver of the requirements of section 345(b) of the Bankruptcy Code in the Chapter 11 Cases. For Banks that have signed a Uniform Depository Agreement with the U.S. Trustee, all Bank Accounts with such Banks are deemed to satisfy section 345(b) of the Bankruptcy Code.

15. Within 14 days of the date of entry of this Order, with respect to Banks that are party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall (a) contact each Bank, (b) provide the Bank with each of the Debtors’ tax identification numbers, and

(c) identify each of their Bank Accounts held at such Bank as being held by a debtor in possession in a bankruptcy case.

16. Within 30 days of the date of entry of this Order, with respect to Banks that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall send the Banks a Uniform Depository Agreement in a form prescribed by the U.S. Trustee and request that the Banks execute said Uniform Depository Agreement. The U.S. Trustee's rights to seek relief from this Court on notice in the event that the aforementioned Banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

17. The Banks are authorized to honor the Debtors' requests to open or close, as the case may be, such Bank Accounts or additional Bank Accounts, and the Debtors shall give notice to the U.S. Trustee, counsel to the DIP Lenders, the Banks, and any official committee appointed in the Chapter 11 Cases within 14 days of opening a new Bank Account or closing an existing Bank Account; *provided, however*, that, unless otherwise ordered by this Court, the Debtors shall open any new Bank Account at a Bank that has executed a Uniform Depository Agreement with the U.S. Trustee or at a Bank willing to immediately execute such an agreement.

18. Nothing contained herein shall prevent the Banks from modifying or terminating any Bank Accounts or related services in accordance with the agreements governing such accounts or services.

19. The Debtors are authorized, but not directed, to continue, in their sole discretion, to use the Business Forms, including, but not limited to, purchase orders, letterhead, envelopes, promotional materials, checks, and other business forms substantially in the forms existing immediately before the Petition Date, without reference to their status as debtors in possession;

provided, that once the Debtors' existing checks have been used, the Debtors will, when reordering checks, ensure that the designation "Debtor in Possession" and the corresponding bankruptcy case number be printed on all checks; *provided further* that, with respect to electronic checks and checks that the Debtors or their agents print themselves, the Debtors will begin printing the "Debtor in Possession" legend on such items within ten days of the date of entry of this Order.

20. Notwithstanding anything contained herein, despite the Debtors' use of a consolidated cash management system, the Debtors shall calculate their quarterly fees under 28 U.S.C. § 1930(a)(6) based on disbursements of each Debtor, regardless of which Debtor pays those disbursements.

21. A final hearing to consider the relief requested in the Motion shall be held on, _____, 2019 at _____ (Prevailing Eastern Time) and any objections or responses to the Motion shall be filed and served on the Notice Parties so as to be actually received on or prior to _____, 2019 at 4:00 p.m. (Prevailing Eastern Time).

22. Nothing in this Order or any action taken by the Debtors in furtherance of the implementation hereof shall be deemed to constitute an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, and all of the Debtors' rights with respect to such matters are expressly reserved.

23. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall (a) create, nor is it intended to create, any rights in favor of, or enhance the status of any claim held by, any person or entity or (b) be deemed to convert the priority of any claim from a prepetition claim into an administrative expense claim.

24. Nothing in this Order nor the Debtors' payment of claims pursuant to this Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any ground, (b) a grant of third-party beneficiary status, or bestowal of any additional rights on any third party, (c) a waiver or impairment of any rights, claims, or defenses of the Debtors' rights to dispute any claim on any grounds, (d) a promise by the Debtors to pay any claim, or (e) an implication or admission by the Debtors that such claim is payable pursuant to this Order.

25. Notwithstanding anything to the contrary in this Order, in the event of any inconsistency between the terms of this Order and the terms of any order of this Court approving the debtor-in-possession financing facility and use of cash collateral (the "**DIP Order**"), including, without limitation, any budget in connection therewith, the terms of the DIP Order shall govern.

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

27. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) 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.

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

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

Dated: _____, 2019
Wilmington, Delaware

THE HONORABLE [•]
UNITED STATES BANKRUPTCY JUDGE

Exhibit E

Proposed Final Order

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

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

**FINAL ORDER AUTHORIZING (I) DEBTORS TO CONTINUE TO
MAINTAIN EXISTING CASH MANAGEMENT SYSTEM, BANK
ACCOUNTS, AND BUSINESS FORMS AND (II) FINANCIAL
INSTITUTIONS TO HONOR AND PROCESS RELATED
CHECKS AND TRANSFERS**

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 interim and final orders pursuant to sections 105(a), 345, 363(c)(1), and 364(a) of the Bankruptcy Code, (a) authorizing, but not directing, the Debtors, in their sole discretion, to (i) continue to operate the Cash Management System,

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 Motion.

(ii) maintain the Bank Accounts located at the Banks, and (iii) maintain the Debtors' existing business forms, (b) waiving the requirements of section 345(b) of the Bankruptcy Code on an interim basis, and (c) authorizing the Debtors' financial institutions to receive, process, honor, and pay all checks or wire transfers used by the Debtors to pay for the foregoing, 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 Howe Declaration; and the Court having held an interim hearing on the Motion; and the Court having granted interim relief on the Motion on _____, 2019 (D.I. [●]); and the Court having held a final hearing on the Motion (the "**Final Hearing**"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Final Hearing establish just cause for the relief granted herein; and the Court having found that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted as set forth herein.

2. Subject to the limitations of this order, the Debtors are authorized, but not directed, pursuant to sections 105(a) and 363(c)(1) of the Bankruptcy Code, to continue, in their sole discretion, to maintain, operate, and make transfers under their Cash Management System as described in the Motion.

3. The Debtors shall maintain full, accurate, and complete records of all transfers within the Cash Management System at least to the same extent as they were recorded by the Debtors before the Petition Date in order to reconcile net amounts that may become due from one Debtor to another Debtor affiliate in respect to cash disbursements or transfer made between them or for their benefit from and after the Petition Date. A Debtor that is owed money from another Debtor or non-Debtor on account of cash disbursements or transfers made from and after the Petition Date shall have an administrative claim against such other Debtor in respect to any such post-petition disbursement or transfer.

4. The Debtors shall maintain records of all transfers within the Cash Management System to the same extent as they were recorded by the Debtors before the commencement of the Chapter 11 Cases.

5. To the extent that cash, including cash collateral (as defined in the Bankruptcy Code), of any Debtor is used by another Debtor, the Debtor funding such use shall have an allowed superpriority administrative expense claim pursuant to sections 503(b) and 507(a) of the Bankruptcy Code junior in priority only to Adequate Protection Claims (as defined in the *Interim Order Pursuant to 11 U.S.C. §§ 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, (vi) Scheduling Final Hearing and (VII) Granting Related Relief) (the “**DIP Order**”).

6. The Debtors are authorized, but not directed, to continue, in their sole discretion, to maintain the Bank Accounts with the same account numbers following the commencement of the Chapter 11 Cases.

7. The Banks are authorized, but not required, to (a) continue to treat, service, and administer the Debtors’ Bank Accounts, as accounts of the respective Debtor as a debtor in possession, without interruption, and in the ordinary course of business without the need for further order of this Court (b) receive, process, honor, debit, and pay any and all checks, drafts, wires, check transfer requests, and/or automated clearing house transfers drawn on the Bank Accounts by the holders or makers thereof, including all checks that are cashed at the Banks’ counters or exchanged for cashier’s checks by the payees thereof prior to the Petition Date as the case may be, to the extent that the Debtors have sufficient funds standing to their credit with such Bank, (c) receive, process, honor, and pay all checks or other items deposited in one of the Debtors’ Bank Accounts with the Banks prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date, (d) receive, process, honor, and pay any and all other checks, drafts, wires, check transfer requests, and/or automated clearinghouse transfers evidencing amounts paid by the Debtors under this Order whether presented prior to, on, or after the Petition Date, and (e) debit all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

8. The Banks may rely on the representations of the Debtors with respect to whether any check, draft, wire, or other payment drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any other order of this Court, and the Banks shall not be liable to any party on account of (a) following the Debtors' instructions or representations as to any order of this Court, (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (c) an innocent mistake made despite implementation of reasonable item handling procedures.

9. Those certain existing deposit agreements between the Debtors and the Banks shall continue to govern the post-petition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

10. In accordance with current practice and any applicable agreement governing the Bank Accounts, the Banks are authorized to "charge back" to the Debtors' accounts any amounts incurred by the Banks resulting from returned checks or other returned items, and the Debtors are authorized, but not directed, to pay, in their sole discretion, any fees and expenses owed to the Banks (and the Banks are authorized to debit or charge back the Bank Accounts for any such fees and expenses unless notified by the Debtors that any such fees or expenses are disputed), in each case regardless of whether such items were deposited prepetition or post-petition or relate to prepetition or post-petition items.

11. The Banks are further authorized to honor the Debtors' directions with respect to the opening and closing of any Bank Account and accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided* that the Banks shall not have any liability to any party for relying on such representations.

12. The relief granted in this order is extended to any new bank account opened by the Debtors after the date hereof and to the bank at which such account is opened.

13. Any payment from a Bank Account at the request of the Debtors made by a Bank prior to the Petition Date (including any ACH Transfer such Bank is or becomes obligated to settle), or any instruments issued by such Bank on behalf of any Debtor pursuant to a “midnight deadline” or otherwise, shall be deemed to be paid prepetition, whether or not actually debited from the Bank Account prepetition.

14. The Debtors and the Banks are authorized, but not directed, without further order of the Court, to implement changes to the Cash Management System in the ordinary course of business, including opening any additional Bank Accounts or closing any existing Bank Account as they may deem necessary and appropriate.

15. For Banks that have not signed a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall have 45 days from the Petition Date (the “**Extension Period**”) within which to comply with section 345(b) of the Bankruptcy Code or to make arrangements to which the U.S. Trustee agrees, and such extension is without prejudice to the Debtors’ right to request a further extension of the Extension Period or waiver of the requirements of section 345(b) of the Bankruptcy Code in the Chapter 11 Cases. For Banks that have signed a Uniform Depository Agreement with the U.S. Trustee, all Bank Accounts with such Banks are deemed to satisfy section 345(b) of the Bankruptcy Code.

16. Within 14 days of the date of entry of this Order, with respect to Banks that are party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall (a) contact each Bank, (b) provide the Bank with each of the Debtors’ tax identification numbers, and

(c) identify each of their Bank Accounts held at such Bank as being held by a debtor in possession in a bankruptcy case.

17. Within 30 days of the date of entry of this Order, with respect to Banks that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall send the Banks a Uniform Depository Agreement in a form prescribed by the U.S. Trustee and request that the Banks execute said Uniform Depository Agreement. The U.S. Trustee's rights to seek relief from this Court on notice in the event that the aforementioned Banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

18. The Banks are authorized to honor the Debtors' requests to open or close, as the case may be, such Bank Accounts or additional Bank Accounts, and the Debtors shall give notice to the U.S. Trustee, counsel to the DIP Lenders, the Banks, and any official committee appointed in the Chapter 11 Cases within 14 days of opening a new Bank Account or closing an existing Bank Account; *provided, however*, that, unless otherwise ordered by this Court, the Debtors shall open any new Bank Account at a Bank that has executed a Uniform Depository Agreement with the U.S. Trustee or at a Bank willing to immediately execute such an agreement.

19. Nothing contained herein shall prevent the Banks from modifying or terminating any Bank Accounts or related services in accordance with the agreements governing such accounts or services.

20. The Debtors are authorized, but not directed, to continue, in their sole discretion, to use the Business Forms, including, but not limited to, purchase orders, letterhead, envelopes, promotional materials, checks, and other business forms substantially in the forms existing immediately before the Petition Date, without reference to their status as debtors in possession;

provided, that once the Debtors' existing checks have been used, the Debtors will, when reordering checks, ensure that the designation "Debtor in Possession" and the corresponding bankruptcy case number be printed on all checks; *provided further* that, with respect to electronic checks and checks that the Debtors or their agents print themselves, the Debtors will begin printing the "Debtor in Possession" legend on such items within ten days of the date of entry of this Order.

21. Notwithstanding anything contained herein, despite the Debtors' use of a consolidated cash management system, the Debtors shall calculate their quarterly fees under 28 U.S.C. § 1930(a)(6) based on disbursements of each Debtor, regardless of which Debtor pays those disbursements.

22. Nothing in this Order or any action taken by the Debtors in furtherance of the implementation hereof shall be deemed to constitute an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, and all of the Debtors' rights with respect to such matters are expressly reserved.

23. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall (a) create, nor is it intended to create, any rights in favor of, or enhance the status of any claim held by, any person or entity or (b) be deemed to convert the priority of any claim from a prepetition claim into an administrative expense claim.

24. Nothing in this Order nor the Debtors' payment of claims pursuant to this Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any ground, (b) a grant of third-party beneficiary status or bestowal of any additional rights on any third party, (c) a waiver or impairment of any rights, claims, or defenses of the Debtors' rights to dispute any claim on any grounds, (d) a

promise by the Debtors to pay any claim, or (e) an implication or admission by the Debtors that such claim is payable pursuant to this Order.

25. Notwithstanding anything to the contrary in this Order, in the event of any inconsistency between the terms of this Order and the terms of any order of this Court approving the debtor-in-possession financing facility and use of cash collateral (the “**DIP Order**”), including, without limitation, any budget in connection therewith, the terms of the DIP Order shall govern.

26. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) 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.

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

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

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

Dated: _____, 2019
Wilmington, Delaware

THE HONORABLE [•]
UNITED STATES BANKRUPTCY JUDGE