
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 21, 2017**

Azure Midstream Partners, LP

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

001-36018
(Commission File Number)

46-2627595
(I.R.S. Employer
Identification Number)

12377 Merit Drive, Suite 300
Dallas, Texas 75251
(address of principal executive offices) (zip code)

(972) 674-5200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

As previously disclosed, on January 30, 2017, Azure Midstream Partners GP, LLC (the “**General Partner**”), the general partner of Azure Midstream Partners, LP (the “**Partnership**”), the Partnership and the Partnership’s direct and indirect subsidiaries (collectively with the General Partner and the Partnership, the “**Debtors**”) filed voluntary petitions under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “**Court**”).

On March 21, 2017, the Debtors filed their monthly operating report for the period of January 30, 2017 through February 28, 2017 (the “**Monthly Operating Report**”) with the Court. The Monthly Operating Report is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 7.01 shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Partnership’s filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Cautionary Note Regarding the Monthly Operating Report.

The Partnership cautions investors and potential investors not to place undue reliance upon the information contained in the Monthly Operating Report which was not prepared for the purpose of providing the basis for an investment decision relating to any of the securities of the Partnership. The Monthly Operating Report is limited in scope, covers limited time periods, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Court. The Monthly Operating Report was not audited or reviewed by independent accountants, was not prepared in accordance with U.S. generally accepted accounting principles, is in a format prescribed by applicable bankruptcy laws, and is subject to future adjustment and reconciliation. There can be no assurance that, from the perspective of an investor or potential investor in the Partnership’s securities, the Monthly Operating Report is complete. The Monthly Operating Report also contains information for a period which is shorter and otherwise different from those required in the Partnership’s periodic reports pursuant to the Exchange Act, and such information might not be indicative of the Partnership’s financial condition or operating results for a period that would be reflected in the Partnership’s financial statements or in its reports pursuant to the Exchange Act. Information set forth in the Monthly Operating Report should not be viewed as indicative of future results.

Cautionary Note Regarding Forward-Looking Statements.

This Current Report on Form 8-K, including the exhibits hereto, includes “forward-looking statements.” All statements, other than statements of historical facts, included in this Current Report on Form 8-K that address activities, events or developments that the Partnership expects, believes or anticipates will or may occur in the future are forward-looking statements. Terminology such as “will,” “would,” “should,” “could,” “expect,” “anticipate,” “plan,” “project,” “intend,” “estimate,” “believe,” “target,” “continue,” “potential,” the negative of such terms or other comparable terminology are intended to identify forward-looking statements. These statements include, but are not limited to, statements about financial restructuring or strategic alternatives and the Partnership’s expectations of plans, goals, strategies (including measures to implement strategies), objectives and anticipated results with respect thereto. These statements are based on certain assumptions made by the Partnership based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, but such assumptions may prove to be inaccurate. Such statements are also subject to a number of risks and uncertainties, many of which are beyond the control of the Partnership, which may cause the Partnership’s actual results to differ materially from those implied or expressed by the forward-looking statements. These include risks and uncertainties relating to, among other things: the ability to confirm and consummate a plan of reorganization; the bankruptcy process, including the effects thereof on Partnership’s business and on the interests of various constituents, the length of time that the Partnership may be required to operate in bankruptcy and the continued availability of operating capital during the pendency of such proceedings; third party motions in any bankruptcy case, which may interfere with the ability to confirm and consummate a plan of reorganization; the potential adverse effects of bankruptcy proceedings on the Partnership’s liquidity or results of operations; increased costs to execute the financial restructuring; the Partnership’s efforts to reduce leverage; the Partnership’s level of indebtedness including its ability to satisfy its debt obligations; risks related to the Partnership’s ability to generate sufficient cash flow and to make payments on its obligations and to execute its business plan; the Partnership’s ability to access funds on acceptable terms, if at all, because of the terms and conditions governing the Partnership’s indebtedness or otherwise; the uncertainty of the impact that any financial restructuring implemented will have on the market for the Partnership’s publicly traded securities; tax consequences of business transactions; and changes in commodity prices

and hedge positions and the risk that the Partnership's hedging strategy may be ineffective or may reduce its income. Please read the Partnership's filings with the SEC, including "Risk Factors" in the Partnership's Annual Report on Form 10-K, and if applicable, the Partnership's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which are available on the Partnership's Investor Relations website at <http://investor.memorialpp.com/sec.cfm> or on the SEC's website at <http://www.sec.gov>, for a discussion of risks and uncertainties that could cause actual results to differ from those in such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. All forward-looking statements in this Current Report on Form 8-K are qualified in their entirety by these cautionary statements. Except as required by law, the Partnership undertakes no obligation and does not intend to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit No.</u> | <u>Exhibit Description</u> |
|--------------------|--|
| 99.1 | Monthly Operating Report for the period of January 30, 2017 through February 28, 2017, as filed with the United States Bankruptcy Court for the Southern District of Texas, Houston Division on March 21, 2017 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 21, 2017

AZURE MIDSTREAM PARTNERS, LP

By: Azure Midstream Partners GP, LLC,
the General Partner of Azure Midstream Partners, LP

By: /s/ Amanda Bush

Amanda Bush

Chief Financial Officer

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit No.</u> | <u>Exhibit Description</u> |
|--------------------|--|
| 99.1 | Monthly Operating Report for the period of January 30, 2017 through February 28, 2017, as filed with the United States Bankruptcy Court for the Southern District of Texas, Houston Division on March 21, 2017 |

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

PETITION DATE: 1/30/2017

MONTHLY OPERATING REPORT SUMMARY FOR MONTH

To Date

| MONTH | Jan-30-Feb-28 | March | April | May | June | From Petition Date |
|--|------------------------|--------------|--------------|-------------|-------------|---------------------------|
| REVENUES (MOR-6) | \$ 3,199,478.14 | \$ — | \$ — | \$ — | \$ — | \$ 3,199,478.14 |
| INCOME BEFORE INT; DEPREC./TAX (MOR-6) | \$ (2,844,655.33) | \$ — | \$ — | \$ — | \$ — | \$ (2,844,655.33) |
| NET INCOME (LOSS) (MOR-6) | \$ (4,060,044.62) | \$ — | \$ — | \$ — | \$ — | \$ (4,060,044.62) |
| PAYMENTS TO INSIDERS (MOR-9) | \$ 46,766.43 | \$ — | \$ — | \$ — | \$ — | \$ 46,766.43 |
| PAYMENTS TO PROFESSIONALS (MOR-9) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| TOTAL DISBURSEMENTS (MOR-7 and Exhibit A) ** | <u>\$ 7,998,988.44</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 7,998,988.44</u> |

The jointly administered Debtors are authorized to file monthly operating reports on a consolidated basis, and have disbursements broken down by case number on Exhibit A attached

The original of this document must be filed with the United States Bankruptcy Court

**REQUIRED INSURANCE MAINTAINED
AS OF SIGNATURE DATE**

**EXP.
DATE**

| | | |
|-----------|---|------------|
| CASUALTY | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> | 10/14/2017 |
| LIABILITY | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> | 10/14/2017 |
| VEHICLE | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> | 10/14/2017 |
| WORKER'S | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> | 10/14/2017 |
| PROPERTY | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> | 5/31/2017 |
| D&O | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> | 1/15/2018 |

CIRCLE ONE

Are all accounts receivable being collected within terms? **Yes** **No**

Are all post-petition liabilities, including taxes, being paid within terms? **Yes** **No(1)**

Have any pre-petition liabilities been paid? **Yes** **No**

If so, describe First Day relief granted for pre-petition payments of all ordinary course trade.

Are all funds received being deposited into DIP bank accounts? **Yes** **No**

Were any assets disposed of outside the normal course of business? **Yes** **No**

If so, describe A sale order (Docket 172) has been entered approving the sale of substantially all of the Debtors' assets.

Are all U.S. Trustee Quarterly Fee Payments current? **Yes** **No**

What is the status of your Plan of Reorganization? Plan of Reorganization filed 3/20/2017.

ATTORNEY NAME: Christopher M. López
FIRM NAME: Weil, Gotshal & Manges, LLP
ADDRESS: 700 Louisiana Street, Suite 1700

CITY, STATE, ZIP: Houston, TX 77002
TELEPHONE/FAX: (713) 546-5000 / (713) 224-9511

I certify under penalty of perjury that the following complete Monthly Operating Report (MOR), consisting of MOR-1 through MOR-9 plus attachments, is true and correct.

SIGNED X

/s/ Amanda Bush
(ORIGINAL SIGNATURE)

TITLE:

Chief Financial Officer

Amanda Bush
(PRINT NAME OF SIGNATORY)

3/21/2017
DATE

Notes

(1) Taxes will be paid via sale proceeds - see sale order (Docket 172), paragraph 29.

MOR-1

Revised 07/01/98

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

PETITION DATE: 1/30/2017

MONTHLY OPERATING REPORT NOTES FOR FEBRUARY, 2017

- Note 1** Debtor-in-possession Financial Statements - The accompanying schedules MOR-1 through MOR-9 and the supplemental exhibits contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("U.S. GAAP") in all material respects. In addition, the financial statements and supplemental information contained herein represent the financial information for the Debtors only. The Company's non-debtor entities are not included in the financial statements supplemental information contained herein.
- Note 2** The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purposes of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtors. The information presented herein has not been subject to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the Debtors believe that the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statement in accordance with U.S. GAAP.
- Note 3** The results of operations contained herein are not necessarily indicative of results that are expected from any other period or for the full year and may not necessarily reflect the combined results of operations, financial position and cash flows of the Debtors in the future.
-

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

COMPARATIVE BALANCE SHEETS(1)

| ASSETS | FILING DATE Jan-30 | MONTH February | MONTH March | MONTH April | MONTH May | MONTH June |
|---------------------------------------|-------------------------|-------------------------|----------------|----------------|--------------|---------------|
| CURRENT ASSETS | | | | | | |
| Cash(2) | \$ 5,413,201.06 | \$ 5,991,889.00 | | | | |
| Accounts Receivable, Net(3) | 5,444,372.32 | 5,434,479.04 | | | | |
| Inventory: Lower of Cost or Market | — | — | | | | |
| Prepaid Expenses | 3,669,288.96 | 3,335,279.68 | | | | |
| Investments | — | — | | | | |
| Other(4) | — | 57,795.00 | | | | |
| TOTAL CURRENT ASSETS | \$ 14,526,862.34 | \$ 14,819,442.72 | \$ — | \$ — | \$ — | \$ — |
| PROPERTY, PLANT & EQUIP. @ | | | | | | |
| COST | \$230,699,357.23 | \$212,495,900.53 | | | | |
| Less Accumulated Depreciation | (36,837,029.25) | (19,031,218.30) | | | | |
| NET BOOK VALUE OF PP&E | \$193,862,327.98 | \$193,464,682.23 | \$ — | \$ — | \$ — | \$ — |
| OTHER ASSETS | | | | | | |
| 1. Tax Deposits | — | — | | | | |
| 2. Investments in Subsidiaries | — | — | | | | |
| 3. LT Prepaid Insurance | 254,476.42 | 247,796.36 | | | | |
| 4. LT Deferred Tax Assets - State(5) | — | 936,770.00 | | | | |
| 5. Unamortized Loan Costs / Other | 1,203,118.11 | 349,792.05 | | | | |
| TOTAL ASSETS | \$209,846,784.85 | \$209,818,483.36 | \$ — | \$ — | \$ — | \$ — |

Notes

(1) The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and subject to further adjustment.

(2) Balance per books.

(3) Includes accrued revenue and allowance for doubtful accounts.

(4) Represents utility adequate assurance deposit.

(5) Non-cash asset; liability balance at Filing Date.

MOR-2

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

COMPARATIVE BALANCE SHEETS(1)

| LIABILITIES & OWNERS' EQUITY | FILING DATE Jan-30 | MONTH February | MONTH March | MONTH April | MONTH May | MONTH June |
|--|-------------------------|-------------------------|----------------|----------------|--------------|---------------|
| LIABILITIES | | | | | | |
| POST-PETITION LIABILITIES(MOR-4) | \$ — | \$ 6,008,467.39 | | | | |
| PRE-PETITION LIABILITIES | | | | | | |
| Notes Payable - Secured | \$ — | \$ — | | | | |
| Priority Debt(2) | 180,772,509.29 | 178,671,729.06 | | | | |
| Federal Income Tax | — | — | | | | |
| FICA/Withholding | — | — | | | | |
| Unsecured Debt(2) | 490,363.90 | 251,523.30 | | | | |
| Other(3) | 1,729,994.70 | 2,092,891.27 | | | | |
| TOTAL PRE-PETITION LIABILITIES | 182,992,867.89 | 181,016,143.63 | — | — | — | — |
| TOTAL LIABILITIES | \$182,992,867.89 | \$187,024,611.02 | \$ — | \$ — | \$ — | \$ — |
| OWNER'S EQUITY (DEFICIT) | | | | | | |
| PREFERRED STOCK | \$ — | \$ — | | | | |
| COMMON STOCK | 514,295,050.62 | 514,295,050.62 | | | | |
| ADDITIONAL PAID-IN CAPITAL | — | — | | | | |
| RETAINED EARNINGS: Filing Date | (487,441,133.66) | (487,441,133.66) | | | | |
| RETAINED EARNINGS: Post Filing Date | — | (4,060,044.62) | | | | |
| TOTAL OWNER'S EQUITY (NET WORTH) | \$ 26,853,916.96 | \$ 22,793,872.34 | \$ — | \$ — | \$ — | \$ — |
| TOTAL LIABILITIES & OWNERS EQUITY | \$209,846,784.85 | \$209,818,483.36 | \$ — | \$ — | \$ — | \$ — |

Notes

(1) The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and subject to further adjustment.

(2) See Exhibit E for payments granted under first day relief.

(3) Non-cash liabilities and system-generated intercompany balances.

MOR-3

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

SCHEDULE OF POST-PETITION LIABILITIES

| | MONTH Jan-30-Feb-28 | MONTH March | MONTH April | MONTH May | MONTH June |
|---|------------------------|----------------|----------------|--------------|---------------|
| TRADE ACCOUNTS PAYABLE | \$ 395,729.44 | | | | |
| TAX PAYABLE | | | | | |
| Federal Payroll Taxes | \$ — | | | | |
| State Payroll Taxes | — | | | | |
| Ad Valorem Taxes | — | | | | |
| Other Taxes | 2,732.31 | | | | |
| TOTAL TAXES PAYABLE | \$ 2,732.31 | \$ — | \$ — | \$ — | \$ — |
| SECURED DEBT POST-PETITION | — | | | | |
| ACCRUED INTEREST PAYABLE | — | | | | |
| ACCRUED PROFESSIONAL FEES(1) | 2,779,350.00 | | | | |
| OTHER ACCRUED LIABILITIES | | | | | |
| 1. Accrued Gas Purchases | 1,097,907.86 | | | | |
| 2. Accrued Cashouts Payable | 880,680.55 | | | | |
| 3. Other Accrued Expenses | 852,067.23 | | | | |
| TOTAL POST-PETITION LIABILITIES (MOR-3) | \$ 6,008,467.39 | \$ — | \$ — | \$ — | \$ — |

Notes

(1) See Exhibit B for additional details.

MOR-4

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

AGING OF POST-PETITION LIABILITIES

Month: Feb-17

| DAYS | TOTAL | TRADE ACCOUNTS | FEDERAL TAXES | STATE TAXES | AD VALOREM, OTHER TAXES | ACCRUED LIABILITIES(1) |
|-------|------------------------|----------------------|------------------|----------------|----------------------------|------------------------|
| 0-30 | \$ 5,975,473.40 | \$ 362,735.45 | \$ — | \$ — | \$ 2,732.31 | \$ 5,610,005.64 |
| 31-60 | 32,993.99 | 32,993.99 | — | — | — | — |
| 61-90 | — | — | — | — | — | — |
| 91+ | — | — | — | — | — | — |
| TOTAL | <u>\$ 6,008,467.39</u> | <u>\$ 395,729.44</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 2,732.31</u> | <u>\$ 5,610,005.64</u> |

Notes

(1) Professional fees, gas purchases, producer cash out, and 2017 accrued ad valorem taxes due in 2018.

AGING OF ACCOUNTS RECEIVABLE(2)

| DAYS | February | March | April | May | June | June |
|-------|------------------------|-------------|-------------|-------------|-------------|-------------|
| 0-30 | \$ 2,348,031.10 | | | | | |
| 31-60 | 194,789.26 | | | | | |
| 61-90 | 45,658.70 | | | | | |
| 91+ | 380,128.35 | | | | | |
| TOTAL | <u>\$ 2,968,607.41</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

Notes

(2) Excludes accrued revenue (\$2.7m) and allowance for doubtful accounts (-\$0.3k).

MOR-5

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

STATEMENT OF INCOME (LOSS)(1)

| | MONTH Jan-30-Feb-28 | MONTH March | MONTH April | MONTH May | MONTH June | FILING TO DATE |
|-------------------------------------|--------------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|---------------------------------|
| REVENUES (MOR-1) | \$ 3,199,478.14 | | | | | \$ 3,199,478.14 |
| TOTAL COST OF REVENUES | 2,290,357.28 | | | | | 2,290,357.28 |
| GROSS PROFIT | \$ 909,120.86 | \$ — | \$ — | \$ — | \$ — | \$ 909,120.86 |
| OPERATING EXPENSES: | | | | | | |
| Selling & Marketing | \$ — | | | | | \$ — |
| General & Administrative(2) | 974,426.19 | | | | | 974,426.19 |
| Insiders Compensation | — | | | | | — |
| Professional Fees(3) | 2,779,350.00 | | | | | 2,779,350.00 |
| Other | — | | | | | — |
| Other | — | | | | | — |
| TOTAL OPERATING EXPENSES | \$ 3,753,776.19 | \$ — | \$ — | \$ — | \$ — | \$ 3,753,776.19 |
| INCOME BEFORE INT, DEPR/TAX (MOR-1) | \$ (2,844,655.33) | \$ — | \$ — | \$ — | \$ — | \$ (2,844,655.33) |
| INTEREST EXPENSE | 599,634.53 | | | | | 599,634.53 |
| DEPRECIATION | 615,754.76 | | | | | 615,754.76 |
| OTHER (INCOME) EXPENSE | — | | | | | — |
| OTHER ITEMS | — | | | | | — |
| TOTAL INT, DEPR & OTHER ITEMS | 1,215,389.29 | — | — | — | — | 1,215,389.29 |
| NET INCOME BEFORE TAXES | \$ (4,060,044.62) | \$ — | \$ — | \$ — | \$ — | \$ (4,060,044.62) |
| FEDERAL INCOME TAXES | — | | | | | — |
| NET INCOME (LOSS) (MOR-1) | \$ (4,060,044.62) | \$ — | \$ — | \$ — | \$ — | \$ (4,060,044.62) |

Notes

- (1) The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and subject to further adjustment.
- (2) General & Administrative Costs ("G&A") are primarily comprised of labor costs, insurance costs, and ordinary course professional fees associated with Debtors' corporate affairs.
- (3) Restructuring related professional fees.

MOR-6

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

| CASH RECEIPTS AND DISBURSEMENTS | Per Projection | MONTH Jan-30-Feb-28 | MONTH March | MONTH April | MONTH May | MONTH June | FILING TO DATE |
|--|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| 1. CASH-BEGINNING OF MONTH(1) | \$ 5,413,201.06 | \$ 5,413,201.06 | \$5,991,889.00 | \$5,991,889.00 | \$5,991,889.00 | \$5,991,889.00 | \$ 5,413,201.06 |
| RECEIPTS: | | | | | | | |
| 2. CASH SALES | \$ — | \$ — | | | | | \$ — |
| 3. COLLECTION OF ACCOUNTS RECEIVABLE | 2,730,716.07 | 2,725,469.13 | | | | | 5,456,185.20 |
| 4. LOANS & ADVANCES (attach list) | — | — | | | | | — |
| 5. SALE OF ASSETS | — | — | | | | | — |
| 6. OTHER(2) | — | 848,559.60 | | | | | 848,559.60 |
| TOTAL RECEIPTS | \$ 2,730,716.07 | \$ 3,574,028.73 | \$ — | \$ — | \$ — | \$ — | \$ 6,304,744.80 |
| (Withdrawal) Contribution by Individual Debtor MFR-2 | | | | | | | — |
| DISBURSEMENTS: | | | | | | | |
| 7. NET PAYROLL | \$ — | \$ — | | | | | \$ — |
| 8. PAYROLL TAXES PAID | — | — | | | | | — |
| 9. SALES, USE & OTHER TAXES PAID | — | — | | | | | — |
| 10. SECURED/RENTAL/LEASES | — | — | | | | | — |
| 11. UTILITIES & TELEPHONE | — | — | | | | | — |
| 12. INSURANCE | — | — | | | | | — |
| 13. INVENTORY PURCHASES | — | — | | | | | — |
| 14. VEHICLE EXPENSES | — | — | | | | | — |
| 15. TRAVEL & ENTERTAINMENT | — | — | | | | | — |
| 16. REPAIRS, MAINTENANCE & SUPPLIES | — | — | | | | | — |
| 17. ADMINISTRATIVE & SELLING | — | — | | | | | — |
| 18. OTHER(2) | (2,711,690.86) | (2,937,545.79) | | | | | (5,649,236.65) |
| TOTAL DISBURSEMENTS FROM OPERATIONS | \$(2,711,690.86) | \$(2,937,545.79) | \$ — | \$ — | \$ — | \$ — | \$(5,649,236.65) |
| 19. PROFESSIONAL FEES | \$ — | \$ — | | | | | \$ — |
| 20. U.S. TRUSTEE FEES | — | — | | | | | — |
| 21. OTHER REORGANIZATION EXPENSES(2) | (2,055,000.00) | (57,795.00) | | | | | (2,112,795.00) |
| TOTAL DISBURSEMENTS(3) | \$(4,766,690.86) | \$(2,995,340.79) | \$ — | \$ — | \$ — | \$ — | \$(7,762,031.65) |
| 22. NET CASH FLOW | \$(2,035,974.79) | \$ 578,687.94 | \$ — | \$ — | \$ — | \$ — | \$(1,457,286.85) |
| 23. CASH - END OF MONTH (MOR-2) | \$ 3,377,226.27 | \$ 5,991,889.00 | \$5,991,889.00 | \$5,991,889.00 | \$5,991,889.00 | \$5,991,889.00 | \$ 3,955,914.21 |

Notes

- (1) Balances per books.
(2) See Exhibit C for additional details.
(3) See Exhibit D for intra-debtor disbursements not captured on this schedule.

MOR-7

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

CASH ACCOUNT RECONCILIATION

Month: Feb-17

| BANK NAME | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|--------------------|----------------|
| ACCOUNT NUMBER | #6079 | #5543 | #5576 | #5592 | #5832 | #5857 | #6087 | |
| ACCOUNT TYPE | CONCENTRATION | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DISBURSEMENT (ZBA) | Subtotal |
| BANK BALANCE | \$ 6,055,016.87 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$6,055,016.87 |
| DEPOSITS IN TRANSIT | — | — | — | — | — | — | — | — |
| OUTSTANDING CHECKS | — | — | — | — | — | — | (16,355.00) | (16,355.00) |
| ADJUSTED BANK BALANCE | \$ 6,055,016.87 | \$ — | \$ — | \$ — | \$ — | \$ — | (16,355.00) | \$6,038,661.87 |
| BEGINNING CASH - PER BOOKS | \$ 6,090,534.52 | \$ — | \$ — | \$ — | \$ — | \$ — | (8,734.98) | \$6,081,799.54 |
| RECEIPTS | 475,991.75 | 224,751.61 | 680,266.90 | 1,190,913.28 | 153,545.59 | — | — | 2,725,469.13 |
| TRANSFERS BETWEEN ACCOUNTS(1) | (504,692.89) | (224,751.61) | (680,266.90) | (1,190,913.28) | (153,545.59) | — | 469,477.68 | (2,284,692.59) |
| (WITHDRAWAL) OR INDIVIDUAL CONTRIBUTION BY DEBTOR MFR-2 | — | — | — | — | — | — | — | — |
| CHECKS/OTHER DISBURSEMENTS | (6,816.51) | — | — | — | — | — | (477,097.70) | (483,914.21) |
| ENDING CASH - PER BOOKS | \$ 6,055,016.87 | \$ — | \$ — | \$ — | \$ — | \$ — | (16,355.00) | \$6,038,661.87 |

| BANK NAME | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | CHASE | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-----------------|----------------|
| ACCOUNT NUMBER | #5584 | #5339 | #5840 | #5865 | #5550 | #9517 | | |
| ACCOUNT TYPE | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(Payroll) | Subtotal | Grand Total |
| BANK BALANCE | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$6,055,016.87 |
| DEPOSITS IN TRANSIT | — | — | — | — | — | — | — | — |
| OUTSTANDING CHECKS | (5,921.22) | (18,737.87) | (15,273.22) | (584.86) | (6,255.70) | — | (46,772.87) | (63,127.87) |
| ADJUSTED BANK BALANCE | \$ (5,921.22) | \$ (18,737.87) | \$ (15,273.22) | \$ (584.86) | \$ (6,255.70) | — | \$ (46,772.87) | \$5,991,889.00 |
| BEGINNING CASH - PER BOOKS | \$ (102,877.65) | \$ (170,354.88) | \$ (344,937.53) | \$ (37,252.01) | \$ (13,176.41) | — | \$ (668,598.48) | \$5,413,201.06 |
| RECEIPTS | — | — | — | — | — | 848,559.60 | 848,559.60 | 3,574,028.73 |
| TRANSFERS BETWEEN ACCOUNTS(1) | 524,308.29 | 784,005.27 | 834,363.77 | 122,345.68 | 19,669.58 | — | 2,284,692.59 | — |
| (WITHDRAWAL) OR INDIVIDUAL CONTRIBUTION BY DEBTOR MFR-2 | — | — | — | — | — | — | — | — |
| CHECKS/OTHER DISBURSEMENTS | (427,351.86) | (632,388.26) | (504,699.46) | (85,678.53) | (12,748.87) | (848,559.60) | (2,511,426.58) | (2,995,340.79) |
| ENDING CASH - PER BOOKS | \$ (5,921.22) | \$ (18,737.87) | \$ (15,273.22) | \$ (584.86) | \$ (6,255.70) | \$ — | \$ (46,772.87) | \$5,991,889.00 |

Notes

(1) See Exhibit D.

MOR-8

Revised 07/01/98

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

| INSIDERS: NAME/COMP TYPE | MONTH Jan-30-Feb-28 | MONTH March | MONTH April | MONTH May | MONTH June | MONTH June |
|---|------------------------|----------------|----------------|--------------|---------------|---------------|
| 1. Amanda Bush (salary and benefits) | \$ 7,620.99 | | | | | |
| 2. David Garrett (salary and benefits) | 8,216.22 | | | | | |
| 3. Iris Berthelot II (salary and benefits) | 12,280.35 | | | | | |
| 4. James H. Lytal | — | | | | | |
| 5. Mark Mulhern | — | | | | | |
| 6. Stanley Overstreet (salary and benefits) | 5,537.08 | | | | | |
| 7. Thomas R. Fuller | — | | | | | |
| 8. Victor Davis (salary and benefits) | 5,929.88 | | | | | |
| 9. Roy E. Bertolatus (salary and benefits) | 7,181.91 | | | | | |
| TOTAL INSIDERS (MOR-1) | \$ 46,766.43 | \$ — | \$ — | \$ — | \$ — | \$ — |
| PROFESSIONALS | MONTH Jan-30-Feb-28 | MONTH March | MONTH April | MONTH May | MONTH June | MONTH June |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |
| 6. | | | | | | |
| TOTAL PROFESSIONALS (MOR-1) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Exhibit A - CONSOLIDATING DISBURSEMENTS OF JOINTLY ADMINISTERED CASES IN CHAPTER 11

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

| Entity | Case No. | DISBURSEMENTS | | | | | | |
|---|----------|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | Jan-30-Feb-28 | March | April | May | June | June | Filing to Date |
| Azure ETG, LLC | 17-30470 | \$1,107,618.76 | | | | | | |
| Azure Holdings GP, LLC | 17-30469 | — | | | | | | |
| Azure Midstream Partners GP, LLC | 17-30464 | 848,559.60 | | | | | | |
| Azure Midstream Partners LP, LLC | 17-30461 | 3,238,084.48 | | | | | | |
| Azure TGG, LLC | 17-30471 | 237,500.48 | | | | | | |
| Marlin G&P I, LLC | 17-30467 | — | | | | | | |
| Marlin Logistics, LLC | 17-30466 | 85,678.53 | | | | | | |
| Marlin Midstream Finance Corporation | 17-30472 | — | | | | | | |
| Marlin Midstream, LLC | 17-30465 | 658,245.05 | | | | | | |
| Murvaul Gas Gathering, LLC | 17-30473 | — | | | | | | |
| Talco Midstream Assets, Ltd. | 17-30474 | 1,823,301.54 | | | | | | |
| Turkey Creek Pipeline, LLC | 17-30475 | — | | | | | | |
| Total Disbursements (same as MOR-1 disbursements)(1) | | <u>\$7,998,988.44</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

Notes

(1) Includes intra-Debtor bank transfers between Debtors' bank accounts.

Exhibit A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION
Exhibit B - ACCRUED POST-PETITION PROFESSIONAL FEES**

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

| <u>Professional</u> | <u>Role</u> | <u>Jan-30-Feb-28</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>June</u> | <u>Filing to Date</u> |
|--|------------------------------------|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|
| Alvarez & Marsal | Debtors' Restructuring Advisor | \$ 645,750.00 | | | | | | \$645,750.00 |
| Baker McKenzie | Secured Lenders' Counsel | 393,750.00 | | | | | | 393,750.00 |
| Deloitte Transactions & Business Analytics LLP | Debtors' Tax Advisor | 78,750.00 | | | | | | 78,750.00 |
| Evercore Partners | Debtors' Financial Advisor | — | | | | | | — |
| KPMG LLP | Debtors' Auditor | 115,500.00 | | | | | | 115,500.00 |
| Kurtzman Carson Consultants LLC | Debtors' Claims Agent | 78,750.00 | | | | | | 78,750.00 |
| RPA Advisors | Secured Lenders' Financial Advisor | 315,000.00 | | | | | | 315,000.00 |
| Vinson & Elkins LLP | Debtors' Legal Counsel | 315,000.00 | | | | | | 315,000.00 |
| Weil Gotshal | Debtors' Legal Counsel | 836,850.00 | | | | | | 836,850.00 |
| Total Accrued Professional Fees | | <u>\$2,779,350.00</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,779,350</u> |

Exhibit B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION
Exhibit C - BUDGET VARIANCE ANALYSIS(1)

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

| \$ in Actual | Jan-30 - Feb-28 | | Variance |
|--------------------------------------|--------------------------|------------------------|------------------------|
| | Budget | Actual | |
| Beginning Cash(2) | \$ 5,413,201.06 | \$ 5,413,201.06 | \$ — |
| Net Receipts | \$ 1,577,763.88 | \$ 1,589,122.17 | \$ 11,358.29 |
| Operating Disbursements | | | |
| Operating Disbursements | \$ (399,301.94) | \$ (231,536.54) | \$ 167,765.40 |
| Omnibus Disbursements | (502,831.07) | (367,000.00) | 135,831.07 |
| Corporate G&A Disbursements | (134,834.08) | (30,971.51) | 103,862.57 |
| Tax Disbursements | (39,390.97) | (47,006.50) | (7,615.53) |
| Total Operating Disbursements | \$ (1,076,358.05) | \$ (676,514.55) | \$ 399,843.50 |
| Capital Expenditures | (482,380.62) | (276,124.68) | 206,255.94 |
| Restructuring Adjustments | (2,055,000.00) | (57,795.00) | 1,997,205.00 |
| Restructuring Professional Fees | — | — | — |
| Net Cash Flow | \$ (2,035,974.79) | \$ 578,687.94 | \$ 2,614,662.73 |
| Ending Cash Balance | \$ 3,377,226.27 | \$ 5,991,889.00 | \$ 2,614,662.73 |

Notes

(1) Budget based on final cash collateral order (Docket 128).

(2) Balance per books.

Exhibit C

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

Exhibit D Intra-Debtor Transfers

| BANK NAME | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | |
|-----------------|-----------------|------------------|------------------|-------------------|------------------|------------------|--------------------|-------------------|
| ACCOUNT NUMBER | #6079 | #5543 | #5576 | #5592 | #5832 | #5857 | #6087 | |
| ACCOUNT TYPE | CONCENTRATION | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DEPOSITORY (ZBA) | DISBURSEMENT (ZBA) | Subtotal |
| TRANSFERS IN | \$ 2,249,477.38 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 469,477.68 | \$ 2,718,955.06 |
| TRANSFERS OUT | (2,754,170.27) | (224,751.61) | (680,266.90) | (1,190,913.28) | (153,545.59) | — | — | (5,003,647.65) |
| TOTAL TRANSFERS | \$ (504,692.89) | \$ (224,751.61) | \$ (680,266.90) | \$ (1,190,913.28) | \$ (153,545.59) | \$ — | \$ 469,477.68 | \$ (2,284,692.59) |

| BANK NAME | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | WELLS FARGO | Chase | | |
|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|----------------|----------------|
| ACCOUNT NUMBER | #5584 | #5339 | #5840 | #5865 | #5550 | #9517 | | |
| ACCOUNT TYPE | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(ZBA) | DISBURSEMENT(Payroll) | Subtotal | Grand Total |
| TRANSFERS IN | \$ 524,308.29 | \$ 784,005.27 | \$ 834,363.77 | \$ 122,345.68 | \$ 19,669.58 | \$ — | \$2,284,692.59 | \$5,003,647.65 |
| TRANSFERS OUT | — | — | — | — | — | — | — | (5,003,647.65) |
| TOTAL TRANSFERS | \$ 524,308.29 | \$ 784,005.27 | \$ 834,363.77 | \$ 122,345.68 | \$ 19,669.58 | \$ — | \$2,284,692.59 | \$ — |

Exhibit D

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION
Exhibit E - FIRST DAY RELIEF PAYMENTS**

CASE NAME: AZURE MIDSTREAM PARTNERS, LP, et. al.
CASE NUMBER: 17-30461

| \$ in Actual | Total Relief | Jan-30 - Feb-28 Payments(1) | Remaining Relief |
|---------------------|------------------------|--|-------------------------|
| All Trade | \$ 3,571,000.00 | \$ (2,354,228.11) | \$ 1,216,771.89 |
| Taxes | 4,250,000.00 | (47,283.50) | \$ 4,202,716.50 |
| Total | \$ 7,821,000.00 | \$ (2,401,511.61) | \$ 5,419,488.39 |

Notes
(1) Book basis.

Exhibit E
