

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:)	
)	Chapter 11
ZACHRY HOLDINGS, INC., <i>et al.</i> ¹)	
)	Case No. 24-90377 (MI)
Debtors.)	
)	(Jointly Administered)

**DEBTORS’ EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS
(I) APPROVING THE SETTLEMENT BY AND AMONG THE DEBTORS,
GOLDEN PASS LNG TERMINAL LLC, CB&I LLC, CHIYODA INTERNATIONAL
CORPORATION, AND CCZJV (II) AUTHORIZING THE PARTIES TO PERFORM
ANY AND ALL OBLIGATIONS CONTEMPLATED BY THE SETTLEMENT,
(III) SCHEDULING A FINAL HEARING, AND (IV) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 1:30 p.m. (prevailing Central Time) on July 24, 2024.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on July 24, 2024 at 1:30 p.m. (prevailing Central Time) in Courtroom 404, 4th floor, 515 Rusk, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court’s dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur’s conference room number is 954554. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Isgur’s home page. The meeting code is “JudgeIsgur.” Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the “electronic appearance” link on Judge Isgur’s home page. Select the case name, complete the required fields and click “submit” to complete your appearance.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state

¹ The last four digits of Zachry Holdings, Inc.’s tax identification number are 6814. A complete list of each of the Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors’ claims and noticing agent at www.veritaglobal.net/ZHI. The location of the Debtors’ service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.



as follows in support of this motion (this “**Motion**”):

Preliminary Statement²

1. These chapter 11 cases were initiated because of and have been dominated by litigation and disagreements regarding the GPX Project. On the Petition Date, Debtor ZII filed an adversary proceeding against Golden Pass, seeking to avoid certain claim settlements and amendments to the EPC Contract as fraudulent transfers and equitably subordinate any claims that Golden Pass may assert against ZII. These claims stem from ZII’s role as lead contractor on the GPX project, a project that has cost the Debtors hundreds of millions of dollars and rendered it unable to pay its vendors and subcontractors on the project.

2. Golden Pass, in turn, has filed a motion to compel the Debtors to reject their interest in the EPC Contract immediately. In seeking to force ZII out as lead contractor, Golden Pass has alleged that ZII abandoned the project and otherwise is incapable of assuming the EPC Contract on any timeline. Golden Pass also sought Court authority to lift the stay and draw a \$213 million letter of credit posted on ZII’s behalf in support of the GPX Project.

3. ZII’s joint venture partners on the project filed a motion for relief from the stay, seeking to take over ZII’s scope of work on the GPX project under the joint venture partners’ HJVA. ZII’s joint venture partners argue that they are exposed to hundreds of millions of dollars of potential joint and several liability due to ZII’s nonperformance and that ZII is incapable of curing its defaults and completing the project.

4. The Debtors filed a preliminary response denying their supposed abandonment of the project and intent reject the EPC Contract, the terms of which are subject to dispute. The Debtors have also filed Rule 2004 motions seeking discovery from Golden Pass’s owners and

² Capitalized terms used in the Preliminary Statement are defined below.

ZII's joint venture partners in order to investigate, if warranted, and assert additional causes of action against such parties. Deposition notices have been sent and the parties have started expending significant costs responding to discovery requests. Battle lines have been drawn, and the parties are on the precipice of significant, costly, and uncertain litigation that could last for years.

5. Despite the contentious posture of these cases, the Parties have managed to keep lines of communication open and have worked collaboratively to maintain health and safety at the job site and continue discussions toward a consensual resolution of these highly complex issues. With the assistance of the Court-appointed mediator, Judge Christopher M. Lopez, the Parties have reached an agreement in principle and now stand poised to effect—subject to this Court's authorization—a proposed global settlement of GPX Project-related issues that would resolve all of the issues in the adversary proceeding and contested matters.

6. The proposed settlement has many favorable terms for the Parties in addition to resolving the pending disputes, which are set forth below. Importantly, the settlement will facilitate the completion of the GPX Project and create a path for the Debtors to emerge from bankruptcy. If the settlement is approved, the Debtors can turn to the important work of formulating a business plan, developing and confirming a plan of reorganization, and continuing to deliver excellent service to their customers as the Debtors have done throughout their storied 100-year history.

7. The settlement seeks to resolve the pending disputes on terms that far exceed a hypothetical reasonable outcome. It breaks an impasse that has plagued the Debtors for years. It puts an end to the massive cost of litigating. It puts people back to work. It is a key step in a successful restructuring for a business that will return to profitability immediately. It is a favorable result for the estates, and the Court should approve it.

Relief Requested

8. The Debtors seek entry of an interim order (the “**Interim Order**”), substantially in the form attached hereto, and a final order (the “**Final Order**”)³ (a) approving a global settlement (the “**Settlement**”) by and among the Debtors, Golden Pass LNG Terminal LLC (“**Golden Pass**”), CB&I LLC (“**CB&I**”), Chiyoda International Corporation (“**Chiyoda**”), and the unincorporated hybrid joint venture formed by Debtor Zachry Industrial, Inc. (“**ZII**”), CB&I and Chiyoda (“**CCZJV**,” and, together with the Debtors, Golden Pass, CB&I, and Chiyoda, the “**Parties**”) of all disputes, controversies, claims, and causes of action arising out of or otherwise related to the GPX Project, the EPC Contract, and the HJVA (each as defined below) on the terms and conditions set forth in the term sheet attached to the Interim Order as **Exhibit A** (the “**Term Sheet**”), (b) authorizing the Parties to perform any and all obligations contemplated by the Settlement, (c) scheduling a final hearing on August 12, 2024 (the “**Final Hearing**”) to consider entry of the Final Order, and (d) granting related relief.

9. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Mohsin Y. Meghji in Support of the Debtors’ Emergency Motion for Interim and Final Orders (I) Approving the Settlement by and among the Debtors, Golden Pass LNG Terminal LLC, CB&I LLC, Chiyoda International Corporation, and CCZJV, (II) Authorizing the Parties to Perform Any and All Obligations Contemplated by the Settlement, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief*, filed contemporaneously herewith.

Jurisdiction, Venue, and Predicates for Relief

10. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core

³ The Debtors will file a form of Final Order prior to the Final Hearing.

proceeding pursuant to 28 U.S.C. § 157(b). The Parties confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court.

11. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

12. The predicates for the relief requested herein are sections 105(a) and 363 of title 11 of the United States Code (the “**Bankruptcy Code**”), Bankruptcy Rules 2002 and 9019, and rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local Rules**”).

Background

I. The GPX Project and the EPC Contract

13. The Debtors provide turnkey engineering, construction, maintenance, turnaround, and fabrication services to customers in the energy, chemicals, power, manufacturing, and industrial sectors across North America.

14. In 2019, Golden Pass contracted to build a new, three-train liquefied natural gas export facility to be built in Sabine Pass, Texas (the “**GPX Project**”). Pursuant to the Hybrid Joint Venture Agreement (the “**HJVA**”) dated January 30, 2019, ZII, CB&I, and Chiyoda formed CCZJV, an unincorporated hybrid joint venture, to jointly serve as “Contractor” on the GPX Project. On or about January 30, 2019, Golden Pass and CCZJV entered into a lump-sum contract to design and build the GPX Project (the “**EPC Contract**”). ZII served as the lead contractor for the overall construction of the GPX Project with primary responsibility for approximately 52% of the total scope of work. CB&I had primary responsibility for approximately 22% of the total scope of work, and Chiyoda had primary responsibility for approximately 20% of the total scope of work. The balance of the work was allocated to a shared pool among the joint venture partners. ZII

employed over 6,000 workers on the GPX Project, while the other joint venture partners collectively employed approximately 3,000 workers.

15. ZII's work as lead contractor on the GPX Project includes engineering, procurement, construction, and commissioning work for the contemplated liquefaction and export facilities. The project consists of three "trains" (the liquefaction units that produce LNG). The first train was initially set to become operational in 2024. The GPX Project is expected to generate billions of dollars in revenue every year once complete.

16. ZII's engineering, construction, and procurement of the GPX Project is a massive undertaking. The total EPC Contract price is just over \$10 billion. ZII's share of that contract amount is approximately \$5.8 billion. The contract price is fixed, but subject to modification via change orders, with ZII and its joint venture partners to receive only set progress payments absent Golden Pass's approval of change orders.

II. Project Delays and Increased Costs

17. ZII's work on the GPX Project began in mid-2019. ZII soon faced unexpected obstacles, including (i) inaccurate geological studies about the soil conditions at the project site, (ii) the COVID-19 pandemic's dramatic impacts on labor and equipment availability and the global supply chain, and (iii) additional logistical issues and supply chain disruptions stemming from the Russia-Ukraine war. Other challenges arose when construction on additional LNG facilities broke ground, including one just two miles from this site.

18. The compound effect of all these events caused the GPX Project to fall substantially behind schedule, while the costs associated with the GPX Project exploded. CCZJV began to suffer huge economic losses and delays on the GPX Project. At the same time, Golden Pass insisted that ZII accelerate its efforts on the GPX Project to make up for lost time, which only exacerbated the financial pressure on CCZJV, and particularly on ZII, as the lead contractor.

19. To address all the delays and cost increases affecting the GPX Project, CCZJV submitted numerous change order claims to Golden Pass between 2019 and 2021. The change order claims, which were contemplated under the express terms of the EPC Contract, sought compensation for unanticipated cost impacts on the GPX Project totalling nearly \$2 billion, much of which CCZJV and ZII had already paid for out of their own pockets.

III. Negotiations with Respect to Additional Funding and Contract Amendments

20. ZII and its joint venture partners have engaged in negotiations with Golden Pass and its owners over the last two years to address ZII's additional funding requests relating to the EPC Contract. Golden Pass and its owners ultimately agreed to certain amendments to the EPC Contract. The amendments and the Parties' respective views on the amendments are set forth in the pleadings filed in these chapter 11 cases and the related adversary proceeding.

IV. Golden Pass and CCZJV Default Notices

21. On May 8, 2024, Golden Pass sent a notice of default and breach under the EPC Contract (the "**Golden Pass Default Notice**"), citing certain alleged breaches. Golden Pass further reserved the right, absent immediate confirmation that ZII was able to remedy all asserted defaults and resume performance under the EPC Contract, to exercise the protections afforded to it under the parent company guarantees and the letters of credit executed pursuant to the EPC Contract.

22. That same day, ZII's joint venture partners sent a notice of default and breach under the HJVA (the "**CCZJV Default Notice**"), which stated that ZII's failure to cure the events of default specified in the Golden Pass Default Notice within ten days in compliance with the HJVA would constitute a default of the HJVA. The CCZJV Default Notice also stated that Chiyoda and CB&I were considering additional actions in respect of the events of default, and Chiyoda and CB&I reserved the right to pursue any and all rights and remedies available to it under the HJVA and applicable law. ZII responded to these default notices by denying the allegations.

23. ZII received several subsequent notices of default from Golden Pass which ZII promptly responded to and denied any default. Golden Pass agreed to a standstill with respect to the Golden Pass Default Notice to May 21, 2024. Although ZII made further efforts to bridge the gap and negotiate a feasible resolution with Golden Pass and the project owners, these efforts were unsuccessful.

V. Chapter 11 Cases and Adversary Proceeding

24. On May 21, 2024 (the “**Petition Date**”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code commencing the chapter 11 cases. The Debtors continue to operate their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The chapter 11 cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). On June 4, 2024, the United States Trustee for the Southern District of Texas (the “**U.S. Trustee**”) appointed the Official Committee of Unsecured Creditors (the “**Committee**”) pursuant to sections 1102(a)(1) and 1102(b)(1) of the Bankruptcy Code [Docket No. 176]. No trustee or examiner has been appointed in these chapter 11 cases. A detailed description of the Debtors and their businesses is set forth in the *Declaration of Mohsin Y. Meghji in Support of Debtors’ Petitions and Requests for First Day Relief* [Docket No. 7].

25. On the Petition Date, ZII filed the adversary proceeding captioned *Zachry Industrial, Inc. v. Golden Pass LNG Terminal LLC*, Adv. Pro. No. 24-03105 (MI) (the “**GPX Litigation**”), seeking, among other things, avoidance of the Claims Settlement Agreement and the First, Second, and Third Amendments to the EPC Contract, recovery of the value of the avoided transfers, as well as equitable subordination of any claims that Golden Pass may assert against ZII. The Debtors also have, but have not yet filed, claims for relief based on fraudulent representations and fraudulent inducement by Golden Pass and its equity owners.

26. On May 23, 2024, the Court entered a stipulation and agreed order modifying the automatic stay, to the extent applicable, to allow Golden Pass to pay certain vendors directly in order to ensure the health and safety of personnel, protect the environment, preserve equipment and other physical assets, and allow for other essential services on the GPX Project pending ZII's decision to assume or reject the EPC Contract. *See* Docket No. 79

VI. GPX Mediation and Related Stipulations

27. On May 28, 2024, the Court entered the *Joint Stipulation and Agreed Order Appointing Mediator and Governing Mediation Procedures* [Docket No. 118] appointing Judge Christopher M. Lopez as mediator to facilitate negotiations among the Parties in connection with a comprehensive resolution of any and all issues relating to the GPX Project, the EPC Contract, the HJVA, and all other matters agreed to among the Parties. Mediation began on June 1, 2024 and, since then, the Parties have engaged in discussions regarding a global resolution. The Parties' efforts, facilitated by the mediator, have culminated in the Settlement.

28. On June 5, 2024, the Court entered the *Stipulation and Agreed Order* [Docket No. 183], pursuant to which the Parties agreed to defer litigation and further modify the automatic stay to, among other things, permit Golden Pass to pay CB&I and/or Chiyoda (and/or certain designated vendors and subcontractors) to perform certain stipulated services and use certain ZII-owned equipment to perform such services.

VII. Contested Matters

29. On June 18, 2024, following the termination of the litigation standstill under the June 5 stipulation, Golden Pass filed (i) the *Emergency Motion of Golden Pass Terminal LLC for Entry of an Order Compelling Rejection of EPC Contract; or, in the Alternative Granting Relief from the Automatic Stay* [Docket No. 299] (the "**Motion to Compel**"), seeking entry of an order compelling rejection of ZII's interest in the EPC Contract, or, alternatively, relief from the

automatic stay to permit Golden Pass to exercise its rights under the EPC Contract, and (ii) the *Motion for Entry of an Order Modifying the Automatic Stay, to the Extent Applicable, to Permit Golden Pass LNG Terminal LLC to Comply with Administrative Requirements Imposed by Non-Debtor Letter of Credit Issuer Under the Letter of Credit* [Docket No. 302] (the “**Motion to Lift Stay**”), seeking entry of order permitting Golden Pass to submit documents required to draw on the standby letter of credit issued by Bank of America, N.A. in favor of Golden Pass by the order of and for the account of ZII (the “**Letter of Credit**”).

30. On June 25, 2024, the Debtors filed a preliminary objection to the Motion to Compel and the Motion to Lift Stay [Docket No. 344] (the “**Preliminary Objection**”).

31. On June 25, 2024, CB&I and Chiyoda filed the *Joint Emergency Motion of Chiyoda International Corporation and CB&I LLC for Entry of an Order (I) Granting Relief from the Automatic Stay, (II) Waiving the Requirements of Bankruptcy Rule 4001(A)(3), and (III) Granting Related Relief* [Docket No. 350] (the “**JV Partner Motion**,” and together with the Motion to Compel and the Motion to Lift Stay, the “**Contested Matters**”), seeking entry of an order lifting the automatic stay to, among other things, permit them to enforce their own rights and remedies against ZII under the HJVA.

VIII. The Proposed Settlement

32. The Settlement will resolve all disputes, controversies, claims, and causes of action arising out of or otherwise related to the GPX Project, the EPC Contract, and the HJVA, including the GPX Litigation and the Contested Matters. The Settlement is the culmination of months of arm’s-length, hard-fought, good-faith negotiations, including a prepetition and postpetition mediation process. It is fair, equitable, and in the Debtors’ best interest. It will also eliminate a material hurdle to the Debtors’ efforts to propose and confirm a chapter 11 plan and emerge from bankruptcy. The Settlement:

- Releases the Debtors from all current and future claims or causes of action arising under, related to, or in connection with the EPC Contract and HJVA.
- Provides for the processing and direct payment of vendors' valid GPX Project-related claims by Golden Pass, subject to a cap, with the Debtors agreeing to pay the balance of any such allowed claims.
- Provides for the immediate transition of work scope from the Debtors to their joint venture partners, allowing parties to rehire workers, advance scope, and complete a project that will have substantial economic benefits.
- Limits the amount that Golden Pass can draw from the Letter of Credit and provides for a schedule of when remaining amounts can be drawn, minimizing secured claims against the Debtors.
- Provides for the transfer of certain equipment and other documents, data, and materials from the Debtors to Golden Pass and the joint venture partners without charge, facilitating the Debtors' efficient demobilization from the GPX Project and the remaining parties' ongoing work.
- Provides for ZII's rejection of its interests in the EPC Contract and HJVA, allowing the joint venture partners to enter into new terms with Golden Pass to complete the project.
- Provides for the payment of certain retainage to the Debtors to support the Debtors' demobilization efforts.⁴

Basis for Relief

I. The Settlement Is a Sound Exercise of the Debtors' Business Judgment

33. Bankruptcy Rule 9019(a) provides that, "after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). "To minimize litigation and expedite the administration of a bankruptcy estate, compromises are favored in bankruptcy." *Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996) (internal quotations omitted) (citing 9 COLLIER ON BANKR. ¶ 9019.03[1] (15th ed. 1993)). Settlements are considered a "normal part of the process of reorganization" and a "desirable and wise method[] of bringing to a close proceedings

⁴ All summaries of Settlement and its terms in this Motion are qualified in their entirety by the Term Sheet. To the extent anything in this Motion is inconsistent in any respect with the Term Sheet and subsequent definitive documents, the terms of the applicable documents shall control.

otherwise lengthy, complicated, and costly.” *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980) (citations omitted) (decided under the Bankruptcy Act).

34. A bankruptcy court may approve a compromise or settlement under Bankruptcy Rule 9019 so long as the proposed settlement is fair, reasonable, and in the best interest of the estate. *See In re Age Ref. Inc.*, 801 F.3d 530, 540 (5th Cir. 2015). Ultimately, approval of a compromise is within the “sound discretion” of the bankruptcy court. *U.S. v. AWECO, Inc. (In re AWECO, Inc.)*, 725 F.2d 293, 298 (5th Cir. 1984); *see also Jackson Brewing Co.*, 624 F.2d at 602–03 (same).

35. Generally, the role of the bankruptcy court is not to decide the issues in dispute when evaluating a settlement. *Watts v. Williams*, 154 B.R. 56, 59 (S.D. Tex. 1993). Instead, the court should determine whether the settlement as a whole is fair and equitable. *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968).

36. “Great judicial deference is given to the [debtor’s] exercise of business judgment.” *GBL Holding Co., Inc. v. Blackburn/Travis/Cole, Ltd. (In re State Park Bldg. Grp., Ltd.)*, 331 B.R. 251, 254 (Bankr. N.D. Tex. 2005) (citation omitted). “As long as [the decision] appears to enhance a debtor’s estate, court approval of a debtor-in-possession’s decision . . . should only be withheld if the debtor’s judgment is clearly erroneous, too speculative, or contrary to the provisions of the Bankruptcy Code.” *Richmond Leasing Co.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (citation omitted).

37. Further, the Bankruptcy Code authorizes the use and disposition of property outside the ordinary course of business with court approval and a valid business reason. Specifically, the Bankruptcy Code authorizes a debtor in possession to “use, sell, or lease, other than in the ordinary course of business, property of the estate,” after notice and a hearing. 11 U.S.C. § 363(b)(1). It is well established in this jurisdiction that a debtor may use property of the estate outside the ordinary course of business under this provision if there is a good business reason for doing so. *See, e.g.*,

ASARCO, Inc. v. Elliott Mgmt. (In re ASARCO, L.L.C.), 650 F.3d 593, 601 (5th Cir. 2011) (“[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors, and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”) (quoting *In re Cont’l Air Lines, Inc.*, 780 F.3d 1223, 1226 (5th Cir. 1986)); *In re ASARCO, LLC*, 441 B.R. 813, 830 (Bankr. S.D. Tex. 2010) (finding the business judgment standard to be the appropriate standard for out of the ordinary course transaction under section 363(b)); *GBL Holding Co., Inc. v. Blackburn/Travis/Cole, Ltd. (In re State Park Bldg. Grp., Ltd.)*, 331 B.R. 251, 254 (Bankr. N.D. Tex. 2005) (stating the a debtor must “satisfy [its] fiduciary duty to the debtor, creditors, and equity holders, [by articulating some] business justification for using, selling, or leasing the property outside the ordinary course of business”) (quoting *Continental Air Lines, Inc.*, 780 F.2d at 1226).

38. The Settlement completely resolves complex commercial disputes, is eminently reasonable, and is a fair and equitable compromise in the best interests of the Debtors’ estates. It provides for a mutually beneficial end to the GPX Litigation and the Contested Matters. It maximizes value for all stakeholders by limiting administrative costs and the risk of an adverse judgment. It provides a path to emergence from chapter 11 through a plan of reorganization. And it will allow Golden Pass (through CB&I and Chiyoda) to put thousands of employees back to work and complete construction of the GPX Project.

II. The Settlement Satisfies the Three-Factor Test Courts in the Fifth Circuit Use to Analyze Proposed Settlements

39. The Fifth Circuit has articulated a three-factor balancing test for assessing proposed settlements under Bankruptcy Rule 9019. To determine whether a compromise is “fair, equitable, and in the best interest of the estate,” courts in this Circuit consider: “(1) [t]he probability of success in litigating the claim subject to settlement, with due consideration for the uncertainty in fact and

law; (2) [t]he complexity and likely duration of litigation and any attendant expense, inconvenience, and delay; and (3) [a]ll other factors bearing on the wisdom of the compromise.” *In re Roquomore*, 393 B.R. 474, 479 (Bankr. S.D. Tex. 2008) (citing the factors set forth by the court in *Jackson Brewing*); see also *Age Ref. Inc.*, 801 F.3d at 540 (same). Under the third factor, courts in this Circuit also consider “the paramount interest of creditors with proper deference to their reasonable views” and the “extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.” *Conn. Gen. Life Ins. Co. v. United Cos. Fin. Corp. (Matter of Foster Mortg. Corp.)*, 68 F.3d 914, 917-18 (5th Cir. 1995).

A. The Settlement Provides All Parties with Certainty Regarding the GPX Project, the GPX Litigation, and the Chapter 11 Cases

40. Disputes between the Parties have dominated the chapter 11 cases. The complaint filed in the GPX Litigation and the Motion to Compel highlight the size of the GPX Project and the complexity of the HJVA and the EPC Contract and its several amendments, which create unique legal and factual issues on which the Parties disagree in almost every respect. All of the Parties’ claims (and potential additional claims related to the same set of facts) are subject to various affirmative defenses and other challenges. It is highly unlikely that these disputes would be litigated to conclusion in the chapter 11 cases, as any judgment would very likely lead to appeal that could significantly delay the Debtors’ prospect of emergence from chapter 11.

41. The Settlement eliminates that risk and uncertainty for all of the Parties. Based on that fact alone, the Settlement exceeds the lowest point in the range of plausible litigation outcomes for the Debtors. Among other things, the Settlement will provide for the (a) payment of valid unpaid vendor and subcontractor invoices that would otherwise be claims against the Debtors (and liens against the GPX Project), up to a cap, (b) release of certain retainage payments to the Debtors to fund ZII’s demobilization costs and transition scope to CB&I and Chiyoda and (c) execution of

broad releases in favor of the Debtors from the other Parties, and will cease all litigation related to the GPX Project, the EPC Contract, and the HJVA. These are material benefits that are far superior to the uncertain outcome of the complex disputes.

B. Litigation Between the Parties Would be Complex, Costly, and Distracting

42. The GPX Litigation and the Contested Matters would be costly and time-consuming to litigate. Golden Pass has yet to file an answer in the GPX Litigation, and the Debtors have only filed the Preliminary Objection in response to the Contested Matters. Several Parties have nevertheless filed discovery objections, and the Debtors have spent substantial time and money on discovery disputes before a single document has been produced or a single witness deposed. The underlying dispute raises complex factual and legal issues concerning the Parties' rights and obligations under a highly complicated construction contract for a highly complicated project. Even if the Court were to compel the Debtors to reject their interest in the EPC Contract immediately, that would merely port the dispute over the Parties' respective claims to the GPX Litigation, which would take months if not years to litigate to judgment, before any potential appeal process. The cost to the Debtors and their stakeholders would be substantial and could present a significant hurdle to the Debtors' ability to emerge from bankruptcy while mired in such litigation. The other Parties would be unable to complete the GPX Project without the overhang of litigation. The Settlement efficiently resolves these complex, expensive, and distracting matters, preserving vital estate resources.

C. The Settlement Is in the Best Interest of the Estates and the Debtors' Stakeholders

43. The Settlement is the culmination of months of arm's-length, hard-fought negotiations and discussion among the Parties and their respective professionals, including through the Court-ordered mediation. The Parties, the Prepetition Agent, and the Committee support the

terms as a superior alternative to extensive and uncertain litigation. It will allow the Debtors to focus on maximizing value for their creditors through an efficient, consensual plan process and emerging from chapter 11.

D. The Releases in the Settlement Are Customary and a Crucial Part of the Settlement.

44. The mutual releases contained in the Settlement, which are subject to entry of the Final Order, are standard and customary, add finality to these disputes, are being given in exchange for substantial value, and are necessary and appropriate parts of the resolution.

Request for Final Hearing

45. The Debtors request that the Court set the Final Hearing for August 12, 2024, or the next date the Court is available, and an objection deadline seven days prior to the Final Hearing.

Emergency Consideration

46. The Debtors request emergency consideration of this Motion. The Settlement is the result of arm's-length negotiation in the Court-approved mediation. A key benefit to Golden Pass is the immediate transition of work in order to advance the GPX Project and put it back on schedule. A key benefit to the Debtors is the immediate payment of subcontractors and vendors on the GPX Project. Delay would result in additional cost and uncertainty, and it could jeopardize the Parties' willingness to enter into the Settlement.

Waiver of Bankruptcy Rules 6004(a) and 6004(h)

47. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and

that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Reservation of Rights

48. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a waiver of any claims or causes of action which may exist against any creditor or interest holder (except as expressly set forth in the Term Sheet); (f) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code (except as expressly set forth in the Term Sheet); (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; (h) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance of property of the Debtors' estates; and (i) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to an order of the Court is not intended and should not be construed as an admission as to the validity

or priority of any claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Conclusion

49. The Debtors respectfully request that the Court enter the Interim Order and, following the Final Hearing, the Final Order, and grant such other and further relief as the Court deems appropriate.

Dated: July 19, 2024
Houston, Texas

/s/ Charles R. Koster

WHITE & CASE LLP

Charles R. Koster (Texas Bar No. 24128278)
609 Main Street, Suite 2900
Houston, Texas 77002
Telephone: (713) 496-9700
Facsimile: (713) 496-9701
Email: charles.koster@whitecase.com

Bojan Guzina (admitted *pro hac vice*)
Andrew F. O'Neill (admitted *pro hac vice*)
RJ Szuba (admitted *pro hac vice*)
Barrett Lingle (admitted *pro hac vice*)
111 South Wacker Drive, Suite 5100
Chicago, Illinois 60606
Telephone: (312) 881-5400
Email: bojan.guzina@whitecase.com
aoneill@whitecase.com
rj.szuba@whitecase.com
barrett.lingle@whitecase.com

*Counsel to the Debtors and
Debtors in Possession*

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Charles R. Koster
Charles R. Koster

Certificate of Service

I certify that on July 19, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Charles R. Koster
Charles R. Koster

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
ZACHRY HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 24-90377 (MI)
)	
Debtors.)	(Jointly Administered)
)	Re. Docket No. ____

**INTERIM ORDER (I) APPROVING THE SETTLEMENT BY AND AMONG
THE DEBTORS, GOLDEN PASS LNG TERMINAL LLC, CB&I LLC, CHIYODA
INTERNATIONAL CORPORATION, AND CCZJV (II) AUTHORIZING THE PARTIES
TO PERFORM ANY AND ALL OBLIGATIONS CONTEMPLATED BY THE
SETTLEMENT, (III) SCHEDULING A FINAL HEARING, AND (IV) GRANTING
RELATED RELIEF**

Upon the emergency motion (the “**Motion**”)² of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of an interim order (this “**Interim Order**”) and a final order (the “**Final Order**”) (a) approving a global settlement (the “**Settlement**”) by and among the Debtors, Golden Pass LNG Terminal LLC (“**Golden Pass**”), CB&I LLC (“**CB&I**”), Chiyoda International Corporation (“**Chiyoda**”), and the unincorporated hybrid joint venture formed by Debtor Zachry Industrial, Inc. (“**ZII**”), CB&I and Chiyoda (“**CCZJV**,” and, together with the Debtors, Golden Pass, CB&I, and Chiyoda, the “**Parties**”) all disputes, controversies, claims, and causes of action arising out of or otherwise related to the GPX Project, the EPC Contract, and the HJVA on the terms and conditions set forth in the term sheet attached hereto as **Exhibit A** and incorporated herein (the “**Term Sheet**”), (b) authorizing the Parties to perform any

¹ The last four digits of Zachry Holdings, Inc.’s tax identification number are 6814. A complete list of each of the Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors’ proposed claims and noticing agent at www.veritaglobal.net/ZHI. The location of the Debtors’ service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Term Sheet.

and all obligations contemplated by the Settlement on an interim basis, (c) scheduling a final hearing on August 12, 2024 (the “**Final Hearing**”) to consider entry of the Final Order, and (d) granting related relief; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and all other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of and in opposition, if any, to the relief requested therein at an interim hearing before this Court (the “**Interim Hearing**”); and this Court having considered the *Declaration of Mohsin Y. Meghji in Support of the Debtors’ Emergency Motion for Interim and Final Orders (I) Approving the Settlement by and among the Debtors, Golden Pass LNG Terminal LLC, Chiyoda International Corporation, and CB&I LLC, (II) Authorizing the Parties to Perform Any and All Obligations Contemplated by the Settlement, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief*; and this Court having determined that the legal and factual bases set forth in the Motion and at the Interim Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:³

A. The Settlement is a good-faith compromise and settlement of disputes, controversies, claims, and causes of action among the Parties arising out of or otherwise related to the GPX Project, the EPC Contract, and the HJVA as set forth in the Term Sheet.

B. The Settlement is the product of extensive arm's-length, good faith negotiations and represents a fair and reasonable compromise among the Parties. The Settlement is reasonable, fair, equitable, appropriate, and in the best interests of each of the Debtors and their estates, and entry into the Settlement reflects a sound exercise of the Debtors' business judgment.

IT IS HEREBY ORDERED THAT:

1. The Debtors are authorized to enter into the Settlement in accordance with and subject to the terms and conditions of this Interim Order.

2. The Settlement is approved in all respects and shall be binding and enforceable in accordance with its terms on the Debtors, their estates, the Prepetition Agent (in its capacity as such, as well as Issuer of the L/C), Golden Pass, CB&I, Chiyoda, and CCZJV, and each of their respective successors and permitted assigns, in each case in accordance with the Term Sheet attached hereto as **Exhibit A**, and incorporated in this Interim Order; *provided* that any provision of the Settlement that is subject to entry of the Final Order shall become binding solely upon entry of the Final Order. The provisions of this Interim Order shall be effective immediately upon entry of this Interim Order except as expressly made subject to entry of a Final Order herein and as set forth in the Term Sheet.

³ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

3. The Parties are authorized and directed to take any and all actions necessary to consummate the Settlement and to perform any and all obligations contemplated by the Settlement, the Term Sheet, this Interim Order, and the Definitive Documents, including, without limitation, the granting of waivers and releases, performing all acts, and making, executing, and delivering any and all instruments as may be reasonably necessary to implement the terms and conditions of the Term Sheet, this Interim Order, and the Definitive Documents. The stay of section 362 of the Bankruptcy Code is hereby modified to permit the Parties to implement the terms and conditions of the Term Sheet, this Interim Order, and the Definitive Documents and accomplish the transactions contemplated thereby.

EPC Contract and HJVA Rejection

4. Subject to entry of the Final Order, the Debtors' interests in the EPC Contract and the HJVA shall be rejected in accordance with section 365 of the Bankruptcy Code; *provided* that the Debtors' rejection of their interests in the EPC Contract and the HJVA shall not (i) modify or otherwise affect their entitlement to insurance coverage with respect to any claims made or related to the time period prior to rejection, (ii) terminate the EPC Contract or the HJVA, or (iii) give rise to rejection damages against the estates.

GPX Project Control

5. The Debtors shall commence demobilization efforts in accordance with the terms and conditions set forth in the Term Sheet.

6. Golden Pass, CB&I, Chiyoda, and any vendor, subcontractor, supplier or other third-party acting at the direction of Golden Pass, CB&I, or Chiyoda are authorized to continue, commence, or otherwise perform any services or work related to the EPC Contract or the GPX Project, and Golden Pass shall be permitted to pay CB&I and/or Chiyoda directly for any work

completed under the EPC Contract in accordance with the terms and conditions set forth in the Term Sheet.

7. CB&I and Chiyoda are authorized to exercise any rights under the HJVA necessary for CB&I or Chiyoda to perform any work under the EPC Contract, including amending and restating the EPC Contract and the HJVA.

GPX Project Documents, Data, Materials, and Transition

8. The Debtors shall (i) turn over all project documents, data and related database(s), materials, and any other property belonging to Golden Pass, CB&I, Chiyoda, or CCZJV, (ii) make project data available to Golden Pass, CB&I, and Chiyoda as necessary to transition ZII's scope of work, and (iii) assign and/or novate agreements to CB&I and/or Chiyoda as requested by CB&I and/or Chiyoda in accordance with the terms and conditions set forth in the Term Sheet; *provided* that the Debtors shall not be required to provide employees, licenses, or intellectual property that they are not otherwise required to provide under the EPC Contract upon exit from the GPX Project.

Golden Pass Direct Payment of Project Vendors and Subcontractors

9. Golden Pass shall pay all unpaid ZII obligations to vendors and subcontractors in accordance with the terms and conditions set forth in the Term Sheet.

Permitted L/C Draws and Parent-Guarantee Release

10. Subject to entry of the Final Order, Golden Pass shall be authorized to draw on the *Irrevocable Standby Letter of Credit*, No. 3139428, dated February 25, 2019 (as amended, the "L/C") at the times and in the amounts of the Permitted L/C Draws, as set forth in the Term Sheet.

11. Subject to entry of the Final Order, the Issuer shall be authorized to reduce availability under the L/C to the aggregate amount of Permitted L/C Draws as set forth in the Term Sheet, and the Parent Guarantee shall be reduced to the amount of the Permitted L/C Draws.

12. Subject to entry of the Final Order, upon Golden Pass's receipt of the final Permitted L/C Draw as set forth in the Term Sheet, (i) the L/C shall be deemed cancelled, null, and void, and Golden Pass shall not be permitted to request any other or additional draws thereunder, and (ii) Golden Pass shall be deemed to release, waive, and discharge any and all rights it has or may have in respect of the L/C, the Issuer, and the Parent Guarantee, in each case, as set forth in the Term Sheet. Until Golden Pass receives the Final Permitted L/C Draw, the Debtors and the Issuer shall renew the L/C as necessary, and will not take any action that would impair, affect, or prejudice Golden Pass's rights to the Permitted L/C Draws. Notwithstanding anything contained in the Term Sheet to the contrary, nothing in the Term Sheet shall relieve the Debtors from complying with the requirements for renewal of the L/C pursuant to that certain Third Amendment to Second Amended and Restated Credit Agreement, dated as of May 2, 2023 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time) and all other agreements, documents, instruments and certificates executed or delivered in connection therewith, including, without limitation, the Loan Documents (as defined therein).

13. Subject to entry of the Final Order, the Debtors hereby waive, release, and extinguish any claims, defenses, or disputes with respect to the Permitted L/C Draws, and the Debtors and the Issuer stipulate and agree and it is hereby determined that all prerequisites and conditions for the Permitted L/C Draws in accordance with the L/C will be deemed to have been met (except for actual payment of the Excess Claims by Golden Pass). For each Permitted L/C Draw, Golden Pass shall notify the Issuer of the Permitted L/C Draw Request in the manner set

forth in Annex A to the L/C; *provided, however*, that a copy of the Final Order (with the Term Sheet) and a signed statement by an authorized representative of Golden Pass that the Permitted L/C Draw request is in accordance with the provisions of the Final Order and the Term Sheet shall satisfy paragraph 1, 2, and 3 of Annex A. To the extent necessary to effectuate the agreements provided under the Term Sheet, Golden Pass, the Debtors, and the Issuer will amend the L/C consistent with the provisions of the Term Sheet.

Retainage

14. Within five business days following entry of this Interim Order, Golden Pass shall pay the Retainage to the Debtors to support ZII's demobilization costs in respect of the GPX Project in accordance with the Term Sheet. The Debtors shall have no other rights, claims, or interests with respect to the Retainage.

Transfer of Project-Site Equipment

15. The Debtors shall assign or otherwise transfer all of their right, title, and interest in and to the Project-Site Equipment to Golden Pass without charge or costs of any kind on an as-is, where-is basis, free and clear of any rights, claims, charges, or interests pursuant to section 363(f) of the Bankruptcy Code. Golden Pass is entitled to all the rights and protections under section 363(m) of the Bankruptcy Code on account of the transfer of the Project-Site Equipment as a good faith purchaser to the maximum extent permitted by applicable law.

16. The Prepetition Agent shall execute and deliver one or more lien releases with respect to the Project-Site Equipment within five business days following entry of the Final Order.

Mutual Releases

17. Subject to entry of the Final Order, Golden Pass and the Debtors shall mutually release each other (and each other's respective affiliates, parents, representatives, members,

member parents, and member parent affiliates, along with their shareholders, related parties, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action, known, unknown, now existing or hereafter arising, related to or arising from the EPC Contract, the HJVA, the Adversary Proceeding, or the GPX Project, including without limitation claims or causes of action that may be held by Golden Pass against the Debtors related to any warranties, guarantees, advance payments, levee work, default damages, delay damages, rejection damages, subrogation claims, and/or vendor or subcontractor payments. Golden Pass's release of the Debtors shall not waive, impair, prejudice, or affect any rights, claims or interests under the L/C with respect to the Permitted L/C Draws or the Parent Guarantee, consistent with the provisions of the Term Sheet.

18. Subject to entry of the Final Order, each of CB&I and Chiyoda shall execute mutual releases with the Debtors (and each other's respective affiliates, parents, representatives, members, member parents, and member parent affiliates, along with their shareholders, related parties, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action, known, unknown, now existing or hereafter arising, related to or arising from the EPC Contract, the HJVA, or the GPX Project, including, as applicable, rejection thereof. For the avoidance of any doubt, the foregoing mutual releases shall include any claims arising under or in connection with parent company guarantees provided in connection with the HJVA. The foregoing releases shall not prevent CB&I or Chiyoda from pursuing recovery from any applicable insurance carrier related to warranty claims against the Debtors, at no expense to the Debtors, with which the Debtors will reasonably cooperate.

19. Subject to entry of the Final Order, Golden Pass shall release CB&I, Chiyoda and CCZJV (and their respective affiliates, parents, representatives, related parties, shareholders,

officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action, known, unknown, now existing or hereafter arising, related to or arising from the EPC Contract, the HJVA, or the GPX Project prior to entry of this Interim Order; *provided* that, without modifying any release of the Debtors, Golden Pass shall not release claims based on work performed or services provided (whether directly or through any vendor, supplier, or subcontractor) by CB&I or Chiyoda, including any warranty claims, in connection with CB&I or Chiyoda's respective Own Work (as defined in Section 3.2 and Exhibit 4 of the HJVA).

20. Except as otherwise agreed in writing by the Parties, and subject to entry of the Final Order, CB&I, Chiyoda, and CCZJV shall release Golden Pass (and its affiliates, parents, representatives, members, member parents, and member parent affiliates, along with their related parties, shareholders, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action arising from the EPC Contract, the HJVA, or the GPX Project prior to entry of this Interim Order; *provided* that, without modifying any release of the Debtors, CB&I, Chiyoda, and CCZJV shall not release existing or future contractual obligations or claims against Golden Pass arising from work performed or services provided (whether directly or through any vendor, supplier, or subcontractor) by CB&I, Chiyoda, or CCZJV in connection with the GPX Project (under the EPC Contract or otherwise).

Dismissal of Adversary Proceeding; Abatement of Deadlines

21. Subject to entry of the Final Order, the Debtors shall dismiss, with prejudice, the adversary proceeding, styled as *Zachry Industrial, Inc. v. Golden Pass LNG Terminal LLC*, Adv. No. 24-03105, currently pending before the Court (the “**Adversary Proceeding**”).

22. Pending entry of the Final Order, any pending dates and deadlines related to the Adversary Proceeding, Bankruptcy Rule 2004 notices, and the Contested Matters, including,

without limitation, any deadlines for answering or otherwise responding to the complaint in the Adversary Proceeding and any discovery or subpoenas served on Golden Pass, Golden Pass's shareholders or members, and their respective affiliates (and their respective officers and directors), CB&I, or Chiyoda, are hereby abated.

23. Pending entry of the Final Order, the Parties shall not commence any additional proceedings against, or serve any additional discovery upon, any other Party (including their respective affiliates, parents, representatives, related parties, members, member parents, member parent affiliates, shareholders, officers, directors, employees, agents, professionals, successors, and assigns) related to or arising from the EPC Contract, the HJVA, or the GPX Project.

Related Relief

24. The provisions of this Interim Order made effective immediately upon entry of this Interim Order shall remain in full force and effect and shall be binding upon the Parties and any successors or assigns, the Debtors' estates, and any parties in interest, notwithstanding conversion or dismissal of the Debtors' chapter 11 cases, appointment of a trustee or examiner, or entry of the Final Order.

25. The Parties shall cooperate with each other in good faith to achieve, execute, and otherwise consummate the terms of the Settlement and all related transactions, and to take all reasonable steps to give effect to all of the terms, conditions and agreements contained in the Settlement, including the negotiation and completion of the Definitive Documents.

26. Notice of the Motion as provided therein shall be deemed good and sufficient notice and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

27. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

28. The Parties are authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

29. The Final Hearing shall be held on August 12, 2024 at __: __ p.m. (prevailing Central Time), and any objections to the final relief sought in the Motion shall be filed with the Court no later than August 5, 2024 at 4:00 p.m. (prevailing Central Time).

30. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Signed: __, 2024

MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Term Sheet

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: ZACHRY HOLDINGS, INC., <i>et al.</i> , ¹ Debtors.	§ § § § § § §	Chapter 11 Case No. 24-90377 (MI) (Jointly Administered)
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Settlement Term Sheet

This settlement term sheet (“Term Sheet”) sets forth the principal terms of a settlement (the “Settlement”) by and among Zachry Industrial, Inc. (“Zachry”) and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (together with Zachry, the “Debtors”), CB&I LLC (“CB&I”), Chiyoda International Corporation (“Chiyoda”), CCZJV (defined below, and by and through its members), and Golden Pass LNG Terminal LLC (“Golden Pass”, and together with the Debtors, CB&I, Chiyoda, and CCZJV, the “Parties,” and each individually, a “Party”), subject to approval under Federal Rule of Bankruptcy Procedure 9019 by the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) in the above-captioned chapter 11 cases of all disputes, controversies, claims, and causes of action arising out of or otherwise related to the Golden Pass liquefied natural gas project under construction in Sabine Pass, Texas (the “GPX Project”), the EPC Contract (defined below), and the HJVA (defined below), including the Adversary Proceeding (defined below) and the *Emergency Motion of Golden Pass LNG Terminal LLC for Entry of an Order Compelling Rejection of EPC Contract; Or, in the Alternative Granting Relief From the Automatic Stay* [Dkt. No. 299], the *Motion for Entry of an Order Modifying the Automatic Stay, to the Extent Applicable, to Permit Golden Pass Terminal LLC to Comply with the Administrative Requirements Imposed by Non-Debtor Letter of Credit Issuer Under Letter of Credit* [Dkt. No. 302], and the *Joint Emergency Motion of Chiyoda International Corporation and CB&I LLC for Entry of an Order (I) Granting Relief from the Automatic Stay, (II) Waiving the Requirements of Bankruptcy Rule 4001(A)(3), and (III) Granting Related Relief* [Dkt. No. 350] (collectively, the “Contested Matters”).

This Term Sheet does not purport to fully detail all of the terms, conditions, covenants, representations, warranties and other provisions relating to the Settlement. Those matters that are not addressed in this Term Sheet and all other terms, conditions, covenants, representations, warranties and other provisions are subject to further documentation necessary to give effect to the provisions of this Term Sheet (collectively, but not including the EPC Contract or the HJVA, the “Definitive Documents”). The Definitive Documents, including all related and ancillary

¹ The last four digits of Zachry Holdings, Inc.’s tax identification number are 6814. A complete list of each of the Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/zhi>. The location of the Debtors’ service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.

documents and agreements, all related motions, and related orders (including, without limitation, the Interim Order and the Final Order (each defined below)), shall satisfy the requirements of the Bankruptcy Code, be consistent with this Term Sheet and necessary to give effect to the provisions of the Term Sheet, and each of the Definitive Documents shall be in form and substance reasonably acceptable to the Parties.

This Term Sheet is not an offer with respect to any securities or a solicitation of acceptances of any chapter 11 plan pursuant to section 1125 of the Bankruptcy Code or otherwise. Any such offer or solicitation will be made only in compliance with all applicable law, including the applicable provisions of the Bankruptcy Code.

SETTLEMENT TERMS	
Effective Dates	<p>The Debtors shall file a motion requesting interim and final approval of the Settlement. Portions of this Settlement shall become effective upon interim approval (the “<u>Interim Order</u>”), and portions shall become effective upon final approval (the “<u>Final Order</u>”), in each case to the extent and on the terms set forth in this Term Sheet.</p>
EPC Contract and HJVA Rejection	<p>Upon entry of the Final Order, the Debtors shall reject their interests in <i>Contract No. GPP-EPC 1</i>, dated January 30, 2019 (as amended, or as may be supplemented or otherwise modified, the “<u>EPC Contract</u>”) in accordance with section 365 of the Bankruptcy Code.</p> <p>Upon entry of the Final Order, the Debtors shall reject their interests in the Hybrid Joint Venture Agreement, dated January 30, 2019, among Zachry, CB&I and Chiyoda (as amended, or as may be supplemented or otherwise modified, the “<u>HJVA</u>,” and the joint venture thereunder, “<u>CCZJV</u>”) in accordance with section 365 of the Bankruptcy Code.</p> <p>For the avoidance of any doubt, and as specified below, Golden Pass, CB&I and Chiyoda waive and release all claims against the Debtors in connection with the Debtors’ rejection of their interests in the EPC Contract and the HJVA.</p> <p>The Debtors’ rejection of their interests in the EPC Contract and the HJVA shall not modify or otherwise affect the Debtors’ entitlement to insurance coverage provided by any insurance carrier with respect to any claims made or related to the time period prior to rejection, or the rights of any other parties with respect to any such insurance.</p> <p>The Debtors’ rejection of their interests in the EPC Contract and the HJVA shall not terminate the EPC Contract or the HJVA; <i>provided</i> that Zachry shall conditionally withdraw as a member of CCZJV, with Zachry immediately agreeing that it shall have no further Project Directorate member, and have no further right to participate in profits or proceeds, make a claim or object to any action taken by the Project Directorate, Project Sponsors, Steering Committee or Financial Committee (as such</p>

SETTLEMENT TERMS	
	<p>terms are defined in the HJVA) in the management of CCZJV, effective immediately upon entry of the Interim Order. Zachry shall be withdrawn as a member of CCZJV on a final basis as of entry of the Final Order.</p>
GPX Project Control	<p>Upon entry of the Interim Order, the Debtors shall commence demobilization efforts, including removal of all employees of the Debtors and property owned or leased by the Debtors from the GPX Project site (other than the items identified on <u>Schedule 1</u> to this Term Sheet (the “<u>Project-Site Equipment</u>”)), and the Debtors shall complete such demobilization as soon as reasonably practicable (and, in any event, no later than 14 days after entry of the Final Order; <i>provided</i> that the Debtors may request an extension in writing, and Golden Pass shall not unreasonably withhold consent). The Debtors may access the GPX Project with prior coordination with Golden Pass to remove employees of the Debtors or property owned or leased by the Debtors (other than the Project-Site Equipment) in connection with such demobilization efforts, but shall otherwise have no right to access, control, or operate the GPX Project or any property of any non-debtor party on the GPX Project site.</p> <p>Upon entry of the Interim Order, Golden Pass, CB&I, Chiyoda, and any vendor, subcontractor, supplier or other third-party acting at the direction of Golden Pass, CB&I, or Chiyoda shall be authorized to continue, commence, or otherwise perform any services or work related to the EPC Contract or the GPX Project, and Golden Pass shall be permitted to pay CB&I and/or Chiyoda directly for any work completed under the EPC Contract, whether within CB&I’s or Chiyoda’s respective existing work scope under the EPC Contract or any additional work outside their existing work scope that may be performed by CB&I and/or Chiyoda following entry of the Interim Order, with any such amounts to be paid to a bank account designated by CB&I or Chiyoda, as applicable, which account may be held by an entity other than CCZJV. Any such payment shall not give rise to (i) any claim by the Debtors against Golden Pass, CB&I and/or Chiyoda under the HJVA, the EPC Contract, or otherwise, or (ii) any claim by CB&I or Chiyoda against the other and Zachry under the HJVA, the EPC Contract, or otherwise.</p> <p>Upon entry of the Interim Order, CB&I and Chiyoda shall be authorized to exercise any rights under the HJVA necessary for CB&I or Chiyoda to perform any work under the EPC Contract, including amending and restating the HJVA to establish a relationship without Zachry and amending and restating the EPC Contract with Golden Pass without Zachry.</p>
GPX Project Documents, Data,	<p>Upon entry of the Interim Order, the Debtors shall (i) turn over all project documents, data and related database(s), materials, and any other property belonging to Golden Pass, CB&I, Chiyoda, or CCZJV, (ii) make project</p>

SETTLEMENT TERMS	
Materials, and Transition	<p>data available to Golden Pass, CB&I, or Chiyoda as necessary to transition Zachry’s scope of work, including accounting systems necessary to validate subcontractor/vendor invoices (<i>provided</i> that the Debtors shall not be required to provide employees, licenses or intellectual property that they are not otherwise required to provide under the EPC Contract upon exit from the GPX Project), and (iii) assign and/or novate agreements to CB&I and/or Chiyoda as requested by CB&I and/or Chiyoda. The Debtors and Golden Pass, CB&I, and Chiyoda shall work in good faith to allow the Debtors to demobilize, transition, and exit from the GPX Project on the terms set forth in this Term Sheet.</p>
Golden Pass Direct Payment of Project Vendors and Subcontractors	<p>Upon entry of the Interim Order, Golden Pass shall pay Zachry obligations to vendors and subcontractors (including Zachry’s share of Pool A and Pool B obligations, but excluding obligations to Zachry and its affiliates) for amounts validly due for goods and/or services in respect of the GPX Project (the “<u>GPX Claims</u>”) in an amount not to exceed \$ [REDACTED], including, but not limited to, the invoices listed on Schedule 2, which includes all associated sales tax (the “<u>Direct Payment Cap</u>”).</p> <p>All valid invoice amounts set forth on Schedule 2 are included in the Direct Payment Cap. All valid invoice amounts not associated with Stipulations 1 and 2 (as defined below) that have been paid since the petition date of May 21, 2024 are included in the Direct Payment Cap. All invoice amounts paid prior to the petition date of May 21, 2024 and not included on Schedule 2 are not included in the Direct Payment Cap. Any invalidated invoice amounts on Schedule 2 will not be paid and are to be excluded from the Direct Payment Cap and can be replaced by other valid unpaid invoice amounts so long as the Direct Payment Cap is not exceeded.</p> <p>Golden Pass shall pay all GPX Claims that are not subject to good faith dispute by Golden Pass, up to the Direct Payment Cap; <i>provided</i> that Golden Pass shall not be required to pay any amount that is subject to a good faith objection pending resolution of such objection; <i>provided, further</i> that any such objection or the resolution thereof shall not reduce the Direct Payment Cap. For the avoidance of any doubt, Golden Pass shall make payments up to the Direct Payment Cap subject to the terms herein for Zachry obligations to vendors and subcontractors regardless of the nature of work or relevant pool for work performed on the GPX Project.</p> <p>The Direct Payment Cap shall not include or be reduced by any amount for vendor or subcontractor invoices pursuant to the Stipulation and Agreed Orders entered by the Bankruptcy Court at Dkt. Nos. 79 & 183 (“<u>Stipulations 1 and 2</u>”), which remain the sole obligation of Golden Pass.</p> <p>The Debtors and Golden Pass will work in good faith to reconcile and identify valid GPX Claims as expeditiously as reasonably practicable. The Debtors shall file a motion on or before July 24, 2024 to set a bar date for filing proofs of claim against the Debtors (the “<u>Claims Bar Date</u>”), with a proposed claims bar date of September 16, 2024. The Debtors shall confer</p>

SETTLEMENT TERMS	
	<p>with Golden Pass and the statutory committee of unsecured claimholders (the “Committee”) on the form of the proposed motion and order setting the Claims Bar Date.</p> <p>Golden Pass shall provide weekly updates to the Debtors, the Prepetition Agent (defined below), Chiyoda, CB&I, and the Committee commencing on the Monday following entry of the Interim Order regarding all payments made toward the Direct Payment Cap.</p> <p>For any unpaid Zachry obligations for GPX Claims in excess of the Direct Payment Cap (the “Excess Claims”), Golden Pass shall pay such Excess Claims that are not otherwise satisfied by Zachry and shall be entitled to draw upon the L/C (defined below) for those amounts, subject to the terms below.</p>
Permitted L/C Draws and Parent-Guarantee Release	<p>Upon entry of the Final Order:</p> <p>Golden Pass shall be entitled to exercise its rights to draw on that certain <i>Irrevocable Standby Letter of Credit</i>, No. 3139428, dated February 25, 2019 (as amended, the “L/C”) issued by Bank of America, N.A. (in such capacity, the “Issuer”) as follows:</p> <ul style="list-style-type: none"> • \$ [REDACTED] on [REDACTED]; • \$ [REDACTED] on [REDACTED]; • \$ [REDACTED] on [REDACTED]; • \$ [REDACTED] on [REDACTED]. <p>These draws are referenced hereinafter as “Scheduled Draws.” Separate, and in addition to these Scheduled Draws, Golden Pass shall also be entitled to draw on the above-referenced L/C for the amount of Excess Claims (defined above). The Scheduled Draws and Excess Claims are together referenced hereinafter as the “Permitted L/C Draws.”</p> <p>The Debtors and Golden Pass shall review and reconcile all GPX Claims and estimate in good faith the Excess Claims within 21 days after the Claims Bar Date. Any dispute as to the estimated Excess Claims shall be determined by the Bankruptcy Court. The estimated amount of Excess Claims shall be included in the aggregate amount of Permitted L/C Draws, the Debtors and Golden Pass shall provide a joint notice to the Issuer upon determining the estimated amount of Excess Claims, and (i) the Issuer shall reduce all availability under the L/C to the aggregate amount of Permitted L/C Draws provided in the notice at such time and (ii) that certain guarantee executed by Zachry Holdings, Inc. in favor of Golden Pass (as amended, supplemented, or otherwise modified, the “Parent Guarantee”) shall also be reduced to the amount of Permitted L/C Draws. Golden Pass may make partial draws upon the L/C up to the amount of Excess Claims actually paid by Golden Pass. The period for determining the Excess Claims amount</p>

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	<p>may be extended upon written agreement by the Debtors and Golden Pass, or by order of the Bankruptcy Court for good cause.</p> <p>Upon Golden Pass’s receipt of the final Permitted L/C Draw (a) the remaining L/C shall be deemed cancelled, null, and void, and Golden Pass shall not be permitted to request any other or additional draws thereunder, and (b) Golden Pass shall be deemed to release, waive, and discharge any and all rights it has or may have in respect of (i) the L/C, (ii) the Issuer, and (iii) the Parent Guarantee. Until Golden Pass receives the Final Permitted L/C Draw, the Debtors and the Issuer shall renew the L/C as necessary, and will not take any action that would impair, affect, or prejudice Golden Pass’s rights to the Permitted L/C Draws. Notwithstanding anything contained in this Term Sheet to the contrary, nothing in this Term Sheet shall relieve the Debtors from complying with the requirements for renewal of the L/C pursuant to that certain Third Amendment to Second Amended and Restated Credit Agreement, dated as of May 2, 2023 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time) and all other agreements, documents, instruments and certificates executed or delivered in connection therewith, including, without limitation, the Loan Documents (as defined therein).</p> <p>The Permitted L/C Draws shall be a necessary condition to the Settlement, and Bank of America, N.A. (in such capacity as the “<u>Prepetition Agent</u>” and “<u>Issuer</u>” of the L/C, as applicable) shall consent to the Permitted L/C Draws that are made in accordance with this Term Sheet. The Debtors shall waive, release, and extinguish any claims, defenses, or disputes with respect to Permitted L/C Draws, and the Debtors and the Issuer stipulate and agree that all prerequisites and conditions for the Permitted L/C Draws in accordance with the L/C will be deemed to have been met (except for actual payment of the Excess Claims by Golden Pass). For each Permitted L/C Draw, Golden Pass shall notify the Issuer of the Permitted L/C Draw Request in the manner set forth in Annex A to the L/C; provided, however, that a copy of the Final Order (with this Term Sheet) and a signed statement by an authorized representative of Golden Pass that the Permitted L/C Draw request is in accordance with the provisions of the Final Order and the Term Sheet shall satisfy paragraph 1, 2, and 3 of Annex A. To the extent necessary to effectuate the agreements provided under this Term Sheet, Golden Pass, the Debtors, and the Issuer will amend the L/C consistent with the provisions of this Term Sheet.</p>
Retainage	<p>Within 5 business days after entry of the Interim Order, Golden Pass shall transfer \$ [REDACTED] of all retainage amounts currently held by Golden Pass in respect of the EPC Contract and related obligations (the “<u>Retainage</u>”) for support of Zachry’s demobilization costs in respect of the GPX Project. The Debtors shall have no other rights, claims, or interests with respect to the Retainage.</p>

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Transfer of Project-Site Equipment	<p>Upon entry of the Interim Order, the Debtors shall assign or otherwise transfer all of their right, title, and interest in and to the Project-Site Equipment to Golden Pass without charge or costs of any kind on an as-is, where-is basis.</p> <p>The Debtors shall cause the Prepetition Agent to execute and deliver one or more lien releases with respect to the Project Site Equipment within five (5) business days after entry of the Final Order.</p> <p>Golden Pass shall be entitled to all rights and protections provided under sections 363(f) and (m) of the Bankruptcy Code with respect to the transfer of the Project-Site Equipment, to the maximum extent permitted by applicable law.</p>
Bankruptcy Court Approval	<p>The Debtors shall file a motion seeking interim and final approval of the Settlement and authorizing the rejection of the EPC Contract and the HJVA on or before July 19, 2024, and the Parties shall request approval of the Settlement and entry of the Interim Order on or before July 24, 2024.</p> <p>Following entry of the Interim Order, the Parties shall negotiate in good faith the Definitive Documents, and the Parties shall request approval of the Settlement and entry of the Final Order on or before August 19, 2024.</p> <p>The Parties shall not object to, or otherwise do anything that unreasonably delays or hinders obtaining the Interim Order or the Final Order.</p>
Mutual Releases	<p>Upon entry of the Final Order, Golden Pass and the Debtors shall mutually release each other (and each other's respective affiliates, parents, representatives, members, member parents, and member parent affiliates, along with their shareholders, related parties, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action, known, unknown, now existing or hereafter arising, related to or arising from the EPC Contract, the HJVA, the Adversary Proceeding, or the GPX Project, including without limitation claims or causes of action that may be held by Golden Pass against the Debtors related to any warranties, guarantees, advance payments, levee work, default damages, delay damages, subrogation claims, and/or vendor or subcontractor payments. Golden Pass's release of Zachry shall not waive, impair, prejudice, or affect any rights, claims or interests under the L/C with respect to the Permitted L/C Draws or the Parent Guarantee, consistent with the provisions of this Term Sheet.</p> <p>Upon entry of the Final Order, each of CB&I and Chiyoda shall execute mutual releases with the Debtors (and each other's respective affiliates, parents, representatives, members, member parents, and member parent affiliates, along with their shareholders, related parties, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action, known, unknown, now existing or hereafter</p>

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arising, related to or arising from the EPC Contract, the HJVA, or the GPX Project. For the avoidance of any doubt, the foregoing mutual releases shall include any claims arising under or in connection with parent company guarantees provided in connection with the HJVA. The foregoing releases shall not prevent CB&I or Chiyoda from pursuing recovery from any applicable insurance carrier related to warranty claims against the Debtors, at no expense to the Debtors, with which the Debtors will reasonably cooperate.²

Upon entry of the Final Order, Golden Pass shall release CB&I, Chiyoda and CCZJV (and their respective affiliates, parents, representatives, related parties, shareholders, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action, known, unknown, now existing or hereafter arising, related to or arising from the EPC Contract, the HJVA, or the GPX Project prior to entry of the Interim Order; *provided* that, without modifying any release of the Debtors, Golden Pass shall not release claims based on work performed or services provided (whether directly or through any vendor, supplier, or subcontractor) by CB&I or Chiyoda, including any warranty claims, in connection with CB&I or Chiyoda's respective Own Work (as defined in Section 3.2 and Exhibit 4 of the HJVA).

Except as otherwise agreed in writing by the parties, upon entry of the Final Order, CB&I, Chiyoda, and CCZJV shall release Golden Pass (and its affiliates, parents, representatives, members, member parents, and member parent affiliates, along with their related parties, shareholders, officers, directors, employees, agents, professionals, successors, and assigns) from any and all claims and causes of action arising from the EPC Contract, the HJVA, or the GPX Project prior to entry of the Interim Order; *provided* that, without modifying any release of the Debtors, CB&I, Chiyoda, and CCZJV shall not release existing or future contractual obligations or claims against Golden Pass arising from work performed or services provided (whether directly or through any vendor, supplier, or subcontractor) by CB&I, Chiyoda, or CCZJV in connection with the GPX Project (under the EPC Contract or otherwise).

To the fullest extent permitted by applicable law, and subject to Bankruptcy Court approval in connection with any chapter 11 plan, Golden Pass shall be included as a "Released Party" under any chapter 11 plan proposed by the Debtors, and such plan shall enjoin any claims, liens, or actions against Golden Pass or Golden Pass's property arising from or related to Zachry's obligations under the EPC Contract or the HJVA.

The foregoing releases shall be documented in one or more release agreements (the "Release Agreements"), which shall be executed before and effective on entry of the Final Order. The terms of the Release

² The mutual releases section does not currently address releases among Chiyoda and CB&I (the "CC Release"). Chiyoda and CB&I are continuing to negotiate in good faith regarding the CC Release and reserve all rights.

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	<p>Agreements shall be commercially reasonable and negotiated in good faith and otherwise reasonably acceptable to the parties thereto. To the extent of any inconsistency between the Release Agreements and the foregoing, the terms of the Release Agreements shall control.</p>
Dismissal of Adversary Proceeding; Abatement of Deadlines	<p>Upon entry of the Final Order, the Debtors shall dismiss, with prejudice, the adversary proceeding, styled as <i>Zachry Industrial, Inc. v. Golden Pass LNG Terminal LLC</i>, Adv. No. 24-03105, currently pending before the Bankruptcy Court (the “<u>Adversary Proceeding</u>”). Pending entry of the Final Order, the Parties agree to abate any pending dates and deadlines related to the Adversary Proceeding, Bankruptcy Rule 2004 notices, and the Contested Matters, including, without limitation, any deadlines for answering or otherwise responding to the complaint in the Adversary Proceeding and any discovery or subpoenas served on Golden Pass, Golden Pass’s shareholders or members and their respective affiliates (and their respective officers and directors), CB&I, or Chiyoda by any Party. Pending entry of the Final Order, the Parties will not commence any additional proceedings against, or serve any additional discovery upon, the Parties (including their respective affiliates, parents, representatives, related parties, members, member parents, member parent affiliates, shareholders, officers, directors, employees, agents, professionals, successors, and assigns) related to or arising from the EPC Contract, the HJVA, or the GPX Project.</p>
Representations, Warranties, and Covenants	<p>The Parties each represent and warrant that they are authorized to enter into the Term Sheet and the Settlement (subject to Bankruptcy Court approval as it relates to the Debtors) and that each has the right to compromise and settle all of the claims and causes of action released herein.</p> <p>The Parties shall further represent and warrant that they own all of the claims and causes of action released herein, and that no claims or portions of any claims released herein have been assigned, sold or transferred to any person or entity.</p> <p>The Debtors further represent and warrant that that they own all equipment set forth on <u>Schedule 1</u>, and that no such equipment has been assigned, sold, or transferred to any person or entity.</p>
Cooperation and Further Assurances	<p>The Parties shall cooperate with each other in good faith to achieve, execute, and otherwise consummate the terms of the Settlement and all related transactions, and to take all reasonable steps to give effect to all of the terms, conditions and agreements contained in the Settlement and the Definitive Documents.</p> <p>To the extent that the Parties cannot agree on Definitive Documents, the Parties will involve the mediator, Judge Lopez, in the first instance.</p>

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Liability Denied	This Settlement is made to avoid the uncertainties and expense of further litigation. The payment of the consideration by or on behalf of any of the Parties herein and/or the agreement to this Term Sheet and the Settlement is not, and shall not to be construed as, an admission of liability, all such liability being expressly denied. This Term Sheet and the Settlement and/or their terms shall not be admissible in any proceeding against any Party, except in any proceeding to construe, interpret or enforce the Settlement or any of its terms.
Confidentiality	The Debtors shall redact financial terms, including payment amounts, in any publicly-filed document; <i>provided</i> that (i) the Parties shall be permitted to make disclosures of such terms and amounts solely to the extent that such disclosures are required by applicable law, including as may be required by any stock exchange or listing entity and (ii) Golden Pass, CB&I, or Chiyoda may disclose payment information to vendors and subcontractors who are expected to receive payment under the Direct Payment Cap as it relates to the specific vendor or subcontractor.
Bankruptcy Court Retention of Jurisdiction	The Bankruptcy Court shall retain exclusive jurisdiction over this Term Sheet, the Settlement, the Definitive Documents, the Interim Order, the Final Order and any disputes or claims related to or arising from the foregoing.

SCHEDULE 1

Asset Category		Description
Temp Facilities	Temporary power system	<ul style="list-style-type: none"> - PDS / PDUs - Transformers - SDRs / EURs (distribution panels) - Outdoor switch board - 1 - Temp cables connecting units - Lightning Protection - the above includes installed and not yet installed components already on site
	Lighting	<ul style="list-style-type: none"> - Temporary lights hard-wired into temp power supplies (in the facilities, laydown areas and access areas) (installed and not yet installed) - inclusive of temp power cables supporting lights - Lightning Protection
	Furniture & Office Supplies	<ul style="list-style-type: none"> Office Furniture and Trailer Furnishings within office trailers - chairs, desks, wardrobes, cabinets, tables, TVs, kitchen hardware, trash cans, etc. - all unused office supplies
	Lunch tent	<ul style="list-style-type: none"> - (1) Lunch tent - T3 - tables, microwaves, etc. (all lunch tents) - TVs, projectors, PA systems (all lunch tents) - Security canopies - Lightning Protection
	Temperature control containers	<ul style="list-style-type: none"> - Temp Control – 99 (8x40 – 80; 8x20 – 19)
	Temp dewatering	<ul style="list-style-type: none"> - Hoses, HDPE piping systems (installed and not yet installed), dams, etc.
	Site PA system	<ul style="list-style-type: none"> Site PA system
	Light equipment/vehicle maintenance facilities	<ul style="list-style-type: none"> - Light Vehicle maintenance shop - inclusive of the maintenance equipment inside of maintenance facilities - Vehicle washdown facility - inclusive of the washdown equipment inside of washdown facility - fuel storage bunker / containers & equipment (storage tanks and portions of the fuel storage facility are leased and not ZII owned. All portable fuelers are leased) - container shelters between connexs
	Water Truck Facility	<ul style="list-style-type: none"> - Water Truck loading facility
	Traffic Barriers	<ul style="list-style-type: none"> - metal walkway barriers (bicycle panels) - jersey barriers - traffic cones and signs
On-site Material & Storage	Warehouse	<ul style="list-style-type: none"> - (5) Tent Warehouses - storage racks within warehouse - Lightning Protection
	Materials trailers	<ul style="list-style-type: none"> - 64 ZII estimate
	Yard mules	<ul style="list-style-type: none"> - 11 yard mules
	Material Cribbing	<ul style="list-style-type: none"> - Material cribbing in laydown areas - crane mats
Construction / Preservation Support	Print shacks	<ul style="list-style-type: none"> - 120 cu ft - 888 - 48 cu ft - 60 - 57.5 cu ft - 1255 - ZII estimates = 2534 TBC
	Dehumidifiers	<ul style="list-style-type: none"> - supporting Compressors and STGs
	Rigging	<ul style="list-style-type: none"> - all owned Rigging in uses inclusive of all available certificates
	Re-bar benders & work tables	<ul style="list-style-type: none"> - Re-bar bending work tables and equipment
	ERT/rescue equipment	<ul style="list-style-type: none"> - rescue boats / trailers / motors (x2) - CS / WAH rescue equipment - stretchers & trauma bags
	Radios	<ul style="list-style-type: none"> - ZII has 2,900 radios - we would only look to keep ~1000
	SRLs	<ul style="list-style-type: none"> - 8,400 SRLs / Yo-Yos on site on ladders (in situ deployed in place)
Environmental Support Kits	<ul style="list-style-type: none"> Environmental support kits - Spill Kits - Environmental consumables 	
IT Infrastructure	IT hardware	<ul style="list-style-type: none"> - controllers, WIFI network (routers, extenders, towers), switches, fiber, switching containers, etc.
	Lenel security system/turnstiles	<ul style="list-style-type: none"> - Lenel hardware / server / database - 4 container turnstiles (bus terminal & main camp) - 10 double set turnstiles (2 Baytown; 8 site) - Temp fencing
	IOVIX scanners	<ul style="list-style-type: none"> IOVIX scanners
Temp Facilities	Trash cans	<ul style="list-style-type: none"> - 55 gallon site trash cans
On-site Material & Storage	Warehouse	<ul style="list-style-type: none"> - 2 x Pre-cast warehouses east of South pond - storage racks within warehouse
	Non temp control containers	<ul style="list-style-type: none"> - Non Temp-controlled – 216 (8x40 – 185; 8x20 – 31)
Construction / Preservation Support	Engraving equipment	<ul style="list-style-type: none"> - All engraving equipment (Phenolic engraving, laser engraving, etc.)
	Construction Consumables	<ul style="list-style-type: none"> - grinding disks, drill bits, files, etc. - welding rods / consumables - assuming tracability is available
	Preservation Materials	<ul style="list-style-type: none"> - All preservation materials (~3 containers)
	Hurricane Prep material	<ul style="list-style-type: none"> - un-used Tie-down material and netting in containers
IT Infrastructure	Scaffolding	<ul style="list-style-type: none"> - Dancelloor scaffolding and all Zachry owned scaffolding
	office IT kit -	<ul style="list-style-type: none"> - click-shares, telecoms (Hardware)

Schedule 2

FILED UNDER SEAL