UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-5507

Tellurian Inc.

(Exact name of registrant as specified in its charter)

Delaware	**06-0842255**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1201 Louisiana Street, Suite 3100, Houston, TX	**77002**
(Address of principal executive offices)	(Zip Code)

(832) 962-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**TELL**	**NASDAQ Capital Market**

Securities registered pursuant to Section 12(g) of the Act:None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $190,985 thousand, based on the per share closing sale price of $1.15 on that date. Solely for purposes of this disclosure, shares of common stock held by executive officers and directors of the registrant, as well as certain stockholders, as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purpose.

386,586,636 shares of common stock were issued and outstanding as of February 9, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement related to the 2021 annual meeting of stockholders, to be filed within 120 days after December 31, 2020, are incorporated by reference in Part III of this annual report on Form 10-K.

Tellurian Inc.

Form 10-K

For the Fiscal Year Ended December 31, 2020

TABLE OF CONTENTS

Cautionary Information About Forward-Looking Statements

The information in this report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, that address activity, events, or developments with respect to our financial condition, results of operations, or economic performance that we expect, believe or anticipate will or may occur in the future, or that address plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "assume," "believe," "budget," "continue," "estimate," "expect," "forecast," "initial," "intend," "likely," "may," "plan," "potential," "project," "proposed," "should," "will," "would" and similar expressions are intended to identify forward-looking statements. These forward-looking statements relate to, among other things:

- our businesses and prospects and our overall strategy;
- planned or estimated capital expenditures;
- availability of liquidity and capital resources;
- our ability to obtain additional financing as needed and the terms of financing transactions, including for the Driftwood Project;
- revenues and expenses;
- progress in developing our projects and the timing of that progress;
- future values of the Company's projects or other interests, operations or rights; and
- government regulations, including our ability to obtain, and the timing of, necessary governmental permits and approvals.

Our forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. These statements are subject to a number of known and unknown risks and uncertainties, which may cause our actual results and performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. Factors that could cause actual results and performance to differ materially from any future results or performance expressed or implied by the forward-looking statements include, but are not limited to, the following:

- the uncertain nature of demand for and price of natural gas and LNG;
- risks related to shortages of LNG vessels worldwide;
- technological innovation which may render our anticipated competitive advantage obsolete;
- risks related to a terrorist or military incident involving an LNG carrier;
- changes in legislation and regulations relating to the LNG industry, including environmental laws and regulations that impose significant compliance costs and liabilities;
- governmental interventions in the LNG industry, including increases in barriers to international trade;
- uncertainties regarding our ability to maintain sufficient liquidity and attract sufficient capital resources to implement our projects;
- our limited operating history;
- our ability to attract and retain key personnel;
- risks related to doing business in, and having counterparties in, foreign countries;
- our reliance on the skill and expertise of third-party service providers;
- the ability of our vendors to meet their contractual obligations;
- risks and uncertainties inherent in management estimates of future operating results and cash flows;
- our ability to maintain compliance with our debt arrangements;
- the potential discontinuation of LIBOR;
- changes in competitive factors, including the development or expansion of LNG, pipeline and other projects that are competitive with ours;

- development risks, operational hazards and regulatory approvals;
- our ability to enter into and consummate planned financing and other transactions;
- risks related to pandemics or disease outbreaks;
- risks of potential impairment charges and reductions in our reserves; and
- risks and uncertainties associated with litigation matters.

The forward-looking statements in this report speak as of the date hereof. Although we may from time to time voluntarily update our prior forward-looking statements, we disclaim any commitment to do so except as required by securities laws.

DEFINITIONS

All defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings when used in this report. As used in this document, the terms listed below have the following meanings:

ASC	Accounting Standards Codification
Bcf	Billion cubic feet of natural gas
Bcfe	Billion cubic feet of natural gas equivalent
Condensate	Hydrocarbons that exist in a gaseous phase at original reservoir temperature and pressure, but when produced, are in the liquid phase at surface pressure and temperature
DD&A	Depreciation, depletion, and amortization
DOE/FE	U.S. Department of Energy, Office of Fossil Energy
EPC	Engineering, procurement, and construction
FASB	Financial Accounting Standards Board
FEED	Front-End Engineering and Design
FERC	U.S. Federal Energy Regulatory Commission
FID	Final investment decision
FTA countries	Countries with which the U.S. has a free trade agreement providing for national treatment for trade in natural gas
GAAP	Generally accepted accounting principles in the U.S.
JKM	Platts Japan Korea Marker index price for LNG
LIBOR	London Inter-Bank Offered Rate
LNG	Liquefied natural gas
LSTK	Lump Sum Turnkey
Mcf	Thousand cubic feet of natural gas
MMBtu	Million British thermal unit
MMcf	Million cubic feet of natural gas
MMcf/d	MMcf per day
MMcfe	Million cubic feet of natural gas equivalent volumes using a ratio of 6 Mcf to 1 barrel of liquid
Mtpa	Million tonnes per annum
Nasdaq	Nasdaq Capital Market
NGA	Natural Gas Act of 1938, as amended
Non-FTA countries	Countries with which the U.S. does not have a free trade agreement providing for national treatment for trade in natural gas and with which trade is permitted
Oil	Crude oil and condensate
PUD	Proved undeveloped reserves
SEC	U.S. Securities and Exchange Commission
Train	An industrial facility comprised of a series of refrigerant compressor loops used to cool natural gas into LNG
U.K.	United Kingdom
U.S.	United States
USACE	U.S. Army Corps of Engineers

With respect to the information relating to our working interest in wells or acreage, “net” oil and gas wells or acreage is determined by multiplying gross wells or acreage by our working interest therein. Unless otherwise specified, all references to wells and acres are gross.

PART I

ITEM 1 AND 2. OUR BUSINESS AND PROPERTIES

Overview

Tellurian Inc. ("Tellurian," "we," "us," "our," or the "Company") intends to create value for shareholders by building a low-cost, global natural gas business, profitably delivering natural gas to customers worldwide (the "Business"). We are developing a portfolio of natural gas production, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the "Driftwood terminal") and related pipelines (the "Pipeline Network"). We refer to the Driftwood terminal, the Pipeline Network and required natural gas production assets collectively as the "Driftwood Project." Our existing natural gas production assets consist of 9,373 net acres and interests in 72 producing wells located in the Haynesville Shale trend of northern Louisiana. Our Business may be developed in phases.

In connection with the implementation of our Business, we are offering partnership interests in the Driftwood Project. Partners will contribute cash in exchange for equity in the Driftwood Project and will receive LNG volumes at the cost of production, including the cost of debt, for the life of the Driftwood terminal. We plan to retain a portion of the ownership in the Driftwood Project and have engaged Goldman Sachs & Co. and Société Générale to serve as financial advisors.

We continue to evaluate, and discuss with potential partners, the scope and other aspects of the Driftwood Project in light of the evolving economic environment, needs of potential partners and other factors. Whether we implement changes to the project will be based on a variety of factors, including the results of our continuing analysis, changing business conditions and investor feedback.

Overview of Significant Events

2019 Term Loan

On May 23, 2019, Driftwood Holdings LP, a Delaware limited partnership and an indirect wholly owned subsidiary of Tellurian Inc. ("Driftwood Holdings"), entered into a senior secured term loan agreement (the "2019 Term Loan") to borrow an aggregate principal amount of $60.0 million, an amount that was subsequently increased to $75.0 million. In conjunction with the 2019 Term Loan, we issued to the lender a warrant to purchase approximately 1.5 million shares of our common stock at $10.00 per share. During 2020, we entered into several amendments to the 2019 Term Loan and, in connection with those amendments, we issued to the lender a total of approximately 9.3 million shares of our common stock to retire $15.0 million of principal amount of the loan, repaid $19.1 million of principal amount of the loan in cash, replaced the original warrant with a warrant to purchase 9.0 million shares of our common stock at $1.00 per share and issued to the lender a new warrant to purchase 4.7 million shares of our common stock at $1.542 per share.

As amended, (i) the maturity date of the 2019 Term Loan is March 23, 2022, (ii) amounts borrowed bear interest at 16%, with an option on our part to defer 8% per annum as paid-in-kind, (iii) interest payments are made on a monthly basis, and (iv) we are required to maintain a month-end cash balance of at least $12.0 million. Following exercises of the warrants by the lender and reductions in the number of shares purchasable under the warrants resulting from partial repayments of amounts due under the 2019 Term Loan, the warrants give the lender the right, as of February 9, 2021, to purchase approximately 3.5 million shares of our common stock for $1.00 and approximately 0.2 million shares of our common stock for $1.542.

2020 Unsecured Note

On April 29, 2020, we issued a zero coupon $56.0 million senior unsecured note (the "2020 Unsecured Note") to a third party, raising proceeds of approximately $47.4 million, net of approximately $2.6 million in fees and $6.0 million in original issue discount. We also issued to the lender a warrant to purchase 20.0 million shares of our common stock at a strike price of $1.542 per share. The 2020 Unsecured Note is subject to certain cash sweep provisions, and a portion of the 2020 Unsecured Note must be paid on the first day of every month, beginning on June 1, 2020. Due to the amount of proceeds generated from the sale of our common stock under our at-the-market program in June 2020, as well as the equity offering completed on July 24, 2020, these cash sweep provisions were triggered on July 1, 2020 and August 3, 2020, requiring us to make a total of $8.0 million in additional repayments of the outstanding principal balance. As a result of these additional repayments, the final payment associated with the 2020 Unsecured Note is scheduled to occur on April 1, 2021 instead of June 1, 2021 as originally scheduled.

Equity Offering

On July 24, 2020, we completed a registered direct offering pursuant to which we sold an aggregate of 35.0 million shares of our common stock at an offering price of $1.00 per share. Net proceeds from the transaction were approximately $32.8 million.

LNG Marketing

In July 2020, we purchased the first cargo of LNG pursuant to the master LNG sale and purchase agreement entered into on April 23, 2019. This cargo was subsequently sold to an unrelated third party, resulting in revenue of approximately $7.0 million.

Restructuring

In March 2020, we implemented a cost reduction and reorganization plan due to the sharp decline in oil and natural gas prices as well as the growing negative economic effects of the COVID-19 pandemic. We incurred approximately $6.4 million of severance and reorganization charges due to the reduction in workforce. We have satisfied all amounts owed to former employees.

Employee Retention Plan

In July 2020, the Company's Board of Directors approved an employee retention incentive plan (the "Employee Retention Plan") aggregating $12.0 million. The Employee Retention Plan vests in four equal installments upon the attainment of a ten-day average closing price of the Company's common stock above $2.25, $3.25, $4.25 and $5.25 (the "Stock Performance Targets"). Subject to continued employment, the Employee Retention Plan's awards are payable over a period of twelve months commencing with the later of (i) the first month following the month in which the applicable Stock Performance Target is attained, and (ii) June 2021. The Employee Retention Plan will expire if the Stock Performance Targets are not attained by March 31, 2022.

Natural Gas Properties

Reserves

Our natural gas production assets, acquired in a series of transactions during 2017 and 2018, consist of 9,373 net acres and interests in 72 producing wells located in the Haynesville Shale trend of north Louisiana. For the year ended December 31, 2020, these wells had average net production of approximately 46.2 MMcf/d. All of our proved reserves as of December 31, 2020 were associated with those properties. Proved reserves are the estimated quantities of natural gas and condensate which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions (i.e., costs as of the date the estimate is made). Proved reserves are categorized as either developed or undeveloped.

Our reserves as of December 31, 2020 were estimated by Netherland, Sewell & Associates, Inc. ("NSAI"), an independent petroleum engineering firm, and are set forth in the following table. Per SEC rules, NSAI based its estimates on the 12-month unweighted arithmetic average of the first-day-of-the-month price of natural gas for each month from January through December 2020. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. The price used was $1.99 per MMBtu of natural gas, adjusted for energy content, transportation fees and market differentials.

The following table shows our proved reserves as of December 31, 2020:

	Gas (MMcf)
Proved reserves (as of December 31, 2020):	
Developed producing	26,593
Undeveloped	72,915
Total	99,508

The standardized measure of discounted future net cash flow from our proved reserves (the "standardized measure") as of December 31, 2020 was $6.9 million.

During the year ended December 31, 2020, we did not have any material capital expenditures related to the development of our undeveloped reserves and thus did not convert any meaningful quantities from proved undeveloped to proved developed reserves. As of December 31, 2020, we do not expect to have any proved undeveloped reserves that will remain undeveloped for more than five years from the date that they were initially booked.

Refer to Supplemental Disclosures About Natural Gas Producing Activities, starting on page 58, for additional details.

Controls Over Reserve Report Preparation, Technical Qualifications and Technologies Used

Our December 31, 2020 reserve report was prepared by NSAI in accordance with guidelines established by the SEC. Reserve definitions comply with the definitions provided by Regulation S-X of the SEC. NSAI prepared the reserve report

based upon a review of property interests being appraised, production from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sale of production, geoscience and engineering data, and other information we provided to them. This information was reviewed by knowledgeable members of our Company for accuracy and completeness prior to submission to NSAI. A letter which identifies the professional qualifications of the individual at NSAI who was responsible for overseeing the preparation of our reserve estimates as of December 31, 2020, has been filed as an addendum to Exhibit 99.2 to this report and is incorporated by reference herein.

Internally, a Senior Vice President is responsible for overseeing our reserves process. Our Senior Vice President has over 19 years of experience in the oil and natural gas industry, with the majority of that time in reservoir engineering and asset management. She is a graduate of Virginia Polytechnic Institute and State University with dual degrees in Chemical Engineering and French, and a graduate of the University of Houston with a Masters of Business Administration degree. During her career, she has had multiple responsibilities in technical and leadership roles, including reservoir engineering and reserves management, production engineering, planning, and asset management for multiple U.S. onshore and international projects. She is also a licensed Professional Engineer in the State of Texas.

Production

For the years ended December 31, 2020, 2019 and 2018, we produced 16,893 MMcf, 13,901 MMcf and 1,399 MMcf of natural gas at an average sales price of $1.74, $2.07 and $2.97 per MMcf, respectively. Natural gas and condensate production and operating costs for the periods ended December 31, 2020, 2019 and 2018 were $0.28, $0.25 and $1.71 per MMcfe, respectively.

Drilling Activity

The table below represents the number of net productive and dry development wells drilled during the past three years:

	For the Year Ended December 31,		
	2020	**2019**	**2018**
Development wells:			
Productive	—	3.1	1.4
Dry	—	—	—

We had no exploratory wells drilled during any of the periods presented.

Wells and Acreage

As of December 31, 2020, we owned working interests in 52 gross (21 net) productive natural gas wells and held by production 3,295 gross (3,026 net) developed leasehold acres. Additionally, we hold 6,765 gross (6,347 net) undeveloped leasehold acres. As of December 31, 2020, there were no in process wells.

Of the total gross and net undeveloped acreage, 246 gross and 246 net acres are not held by production, of which 136 gross and 136 net acres are set to expire in 2021. We plan to extend the terms of these leases either through operational or administrative actions.

Volume Commitments

We are not currently subject to any material volume commitments.

Gathering, Processing and Transportation

As part of our acquisitions of natural gas properties, we also acquired certain gathering systems that deliver the natural gas we produce into third-party gathering systems. We believe that these systems and other available midstream facilities and services in the Haynesville Shale trend are adequate for our current operations and near-term growth.

Government Regulations

Our operations are and will be subject to extensive federal, state and local statutes, rules, regulations, and laws that include, but are not limited to, the NGA, the Energy Policy Act of 2005 (“EPAct 2005”), the Oil Pollution Act, the National Environmental Policy Act (“NEPA”), the Clean Air Act (the “CAA”), the Clean Water Act (the “CWA”), the Resource Conservation and Recovery Act (“RCRA”), the Pipeline Safety Improvement Act of 2002 (the “PSIA”), and the Coastal Zone Management Act (the “CZMA”). These statutes cover areas related to the authorization, construction and operation of LNG facilities, natural gas pipelines and natural gas producing properties, including discharges and releases to the air, land and water, and the handling, generation, storage and disposal of hazardous materials and solid and hazardous wastes due to the development, construction and operation of the facilities. These laws are administered and enforced by governmental agencies

including but not limited to FERC, the U.S. Environmental Protection Agency (the "EPA"), DOE/FE, the U.S. Department of Transportation ("DOT"), the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), the Louisiana Department of Environmental Quality and the Louisiana Department of Natural Resources. Additionally, numerous other governmental and regulatory permits and approvals will be required to build and operate our Business, including, with respect to the construction and operation of the Driftwood Project, consultations and approvals by the Advisory Council on Historic Preservation, USACE, U.S. Department of Commerce, National Marine Fisheries Service, U.S. Department of the Interior, U.S. Fish and Wildlife Service, and U.S. Department of Homeland Security. For example, throughout the life of our liquefaction project, we will be subject to regular reporting requirements to FERC, PHMSA and other federal and state regulatory agencies regarding the operation and maintenance of our facilities.

Failure to comply with applicable federal, state, and local laws, rules, and regulations could result in substantial administrative, civil and/or criminal penalties and/or failure to secure and retain necessary authorizations.

We have received regulatory permits and approvals in connection with the Driftwood terminal and Driftwood pipeline, including the following:

Agency	**Permit / Consultation**	**Approval Date**
FERC	Section 3 and Section 7 Application - NGA	April 18, 2019
DOE	Section 3 Application - NGA	FTA countries: February 28, 2017 (3968); amended December 6, 2018 (3968-A); amended December 18, 2020 (4641) Non-FTA countries: May 2, 2019 (4373); amended December 10, 2020 (4373-A); amended December 18, 2020 (4641)
USACE	Section 404	May 3, 2019
	Section 10 (*Rivers and Harbors Act*)	May 3, 2019
United States Coast Guard	Letter of Intent and Preliminary Water Suitability Assessment	June 21, 2016
	Follow-On Water Suitability Assessment and Letter of Recommendation	April 25, 2017
United States Fish and Wildlife Service	Section 7 of *Endangered Species Act* Consultation	September 19, 2017; February 7, 2019
National Oceanic and Atmospheric Administration / National Marine Fisheries Service	Section 7 of the *Endangered Species Act* Consultation	February 14, 2018
	Magnuson-Stevens Fishery Management and Conservation Act Essential Fish Habitat Consultation	October 3, 2017
	Marine Mammal Protection Act Consultation	October 3, 2017
State		
Louisiana Department of Natural Resources-Coastal Management Division	Coastal Use Permit and Coastal Zone Consistency Permit, Joint Permit with USACE	May 29, 2018
Louisiana Department of Environmental Quality - Air Quality Division	Air Permit for LNG Terminal	July 10, 2018; January 6, 2020 (extension)
Louisiana State Historic Preservation Office	Section 106 Consultation	Concurrence received on June 29, 2016 Concurrence received on November 22, 2016 Concurrence received on April 13, 2017 Concurrence received on March 1, 2019

The design, construction and operation of liquefaction facilities and pipelines, the export of LNG and the transportation of natural gas are highly regulated activities. In order to site, construct and operate our LNG facilities, we obtained authorizations from FERC under Section 3 and Section 7 of the NGA as well as several other material governmental and regulatory approvals and permits as detailed in the table above. In order to gain regulatory certainty with respect to certain potential commercial transactions, on November 13, 2020, Driftwood Holdings and Driftwood LNG LLC (jointly, "Driftwood") filed a Petition with FERC requesting, among other things, a prospective limited waiver of FERC's buy/sell prohibition as well as any other prospective waivers necessary to enable Driftwood to purchase natural gas from potentially

affiliated upstream suppliers that may be resold to a different affiliate under a long-term contract for export as LNG in foreign commerce. On January 19, 2021, FERC issued an order granting a prospective limited waiver of the prohibition on buy/sell arrangements for future proposed transactions in which Driftwood enters into: (1) an agreement to purchase natural gas from a potentially affiliated supplier; or (2) an agreement to sell LNG to affiliates in foreign commerce.

Federal Energy Regulatory Commission

EPAct 2005 amended Section 3 of the NGA to establish or clarify FERC's exclusive authority to approve or deny an application for the siting, construction, expansion or operation of LNG terminals, although except as specifically provided in EPAct 2005, nothing in the statute is intended to affect otherwise applicable law related to any other federal agency's authorities or responsibilities related to LNG terminals.

In 2002, FERC concluded that it would apply light-handed regulation to the rates, terms and conditions agreed to by parties for LNG terminalling services, such that LNG terminal owners would not be required to provide open-access service at non-discriminatory rates or maintain a tariff or rate schedule on file with FERC, as distinguished from the requirements applied to FERC-regulated interstate natural gas pipelines. Although EPAct 2005 codified FERC's policy, those provisions expired on January 1, 2015. Nonetheless, we see no indication that FERC intends to modify its longstanding policy of light-handed regulation of LNG terminal operations.

A certificate of public convenience and necessity from FERC is required for the construction and operation of facilities used in interstate natural gas transportation, including pipeline facilities, in addition to other required governmental and regulatory approvals. In this regard, in April 2019, we obtained a certificate of public convenience and necessity to construct and operate the Driftwood pipeline.

FERC's jurisdiction under the NGA generally extends to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate consumption for domestic, commercial, industrial or any other use and to natural gas companies engaged in such transportation or sale. FERC's jurisdiction does not extend to the production, gathering, local distribution or export of natural gas.

Specifically, FERC's authority to regulate interstate natural gas pipelines includes:

- rates and charges for natural gas transportation and related services;
- the certification and construction of new facilities;
- the extension and abandonment of services and facilities;
- the maintenance of accounts and records;
- the acquisition and disposition of facilities;
- the initiation and discontinuation of services; and
- various other matters.

In addition, FERC has the authority to approve, and if necessary set, "just and reasonable rates" for the transportation or sale of natural gas in interstate commerce. Relatedly, under the NGA, our proposed pipelines will not be permitted to unduly discriminate or grant undue preference as to rates or the terms and conditions of service to any shipper, including our own affiliates.

EPAct 2005 amended the NGA to make it unlawful for any entity, including otherwise non-jurisdictional producers, to use any deceptive or manipulative device or contrivance in connection with the purchase or sale of natural gas or the purchase or sale of transportation services subject to regulation by FERC, in contravention of rules prescribed by FERC. The anti-manipulation rule does not apply to activities that relate only to intrastate or other non-jurisdictional sales, gathering or production, but does apply to activities of otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" natural gas sales, purchases or transportation subject to FERC jurisdiction. EPAct 2005 also gives FERC authority to impose civil penalties for violations of the NGA or Natural Gas Policy Act of up to $1 million per violation.

Transportation of the natural gas we produce, and the prices we pay for such transportation, will be significantly affected by the foregoing laws and regulations.

U.S. Department of Energy, Office of Fossil Energy Export License

Under the NGA, exports of natural gas to FTA countries are "deemed to be consistent with the public interest," and authorization to export LNG to FTA countries shall be granted by the DOE/FE "without modification or delay." FTA countries currently capable of importing LNG include but are not limited to Canada, Chile, Colombia, Jordan, Mexico, Singapore, South Korea and the Dominican Republic. Exports of natural gas to Non-FTA countries are authorized unless the DOE/FE "finds that the proposed exportation" "will not be consistent with the public interest." We have authorization from the DOE/FE to export

LNG in a volume up to the equivalent of 1,415.3 Bcf per year of natural gas to FTA countries for a term of 30 years and to Non-FTA countries for a term through December 31, 2050.

Pipeline and Hazardous Materials Safety Administration

The Natural Gas Pipeline Safety Act of 1968 (the "NGPSA") authorizes DOT to regulate pipeline transportation of natural (flammable, toxic, or corrosive) gas and other gases, as well as the transportation and storage of LNG. Amendments to the NGPSA include the Pipeline Safety Act of 1979, which addresses liquids pipelines, and the PSIA, which governs the areas of testing, education, training, and communication.

PHMSA administers pipeline safety regulations for jurisdictional gas gathering, transmission, and distribution systems under minimum federal safety standards. PHMSA also establishes and enforces safety regulations for onshore LNG facilities, which are defined as pipeline facilities used for the transportation or storage of LNG subject to such safety standards. Those regulations address requirements for siting, design, construction, equipment, operations, personnel qualification and training, fire protection, and security of LNG facilities. The Driftwood terminal will be subject to such PHMSA regulations.

Tellurian's proposed pipelines will also be subject to regulation by PHMSA, including those under the PSIA. The PHMSA Office of Pipeline Safety administers the PSIA, which requires pipeline companies to perform extensive integrity tests on natural gas transportation pipelines that exist in high population density areas designated as "high consequence areas." Pipeline companies are required to perform the integrity tests on a seven-year cycle. The risk ratings are based on numerous factors, including the population density in the geographic regions served by a particular pipeline, as well as the age and condition of the pipeline and its protective coating. Testing consists of hydrostatic testing, internal electronic testing, or direct assessment of the piping. In addition to the pipeline integrity tests, pipeline companies must implement a qualification program to make certain that employees are properly trained. Pipeline operators also must develop integrity management programs for natural gas transportation pipelines, which requires pipeline operators to perform ongoing assessments of pipeline integrity; identify and characterize applicable threats to pipeline segments that could impact a high consequence area; improve data collection, integration and analysis; repair and remediate the pipeline, as necessary; and implement preventive and mitigative actions.

On December 27, 2020, the Protecting our Infrastructure of Pipelines and Enhancing Safety Act (PIPES Act) of 2020 was signed into law as part of the Consolidated Appropriations Act of 2021. The legislation reauthorizes the PHMSA pipeline safety program through fiscal year 2023 and provides for advances to improve pipeline safety. The legislation includes a directive to PHMSA to update its current regulations for large-scale LNG facilities.

On January 11, 2021, PHMSA published a final rule in the Federal Register amending the Federal Pipeline Safety Regulations to reduce regulatory burdens and offer greater flexibility with respect to the construction, maintenance, and operation of gas transmission, distribution, and gathering pipeline systems, including updates to corrosion control requirements and test requirements for pressure vessels. Pipeline operators may voluntarily comply with the rule starting on the effective date of March 12, 2021, but mandatory compliance is not required until October 1, 2021. This rule is subject to review for possible modification pursuant to executive orders signed by President Biden on or shortly after January 20, 2021.

The Pipeline Network will be subject to regulation under PHMSA, which will involve capital and operating costs for compliance-related equipment and operations. We have no reason to believe that these compliance costs will be material to our financial performance, but the significance of such costs will depend on future events and our ability to achieve and maintain compliance throughout the life of the Driftwood Project.

Natural Gas Pipeline Safety Act of 1968

Louisiana administers federal pipeline safety standards under the NGPSA, which requires certain pipelines to comply with safety standards in constructing and operating the pipelines and subjects the pipelines to regular inspections. Failure to comply with the NGPSA may result in the imposition of administrative, civil and criminal sanctions.

Other Governmental Permits, Approvals and Authorizations

The construction and operation of the Driftwood terminal and Driftwood pipeline are subject to federal permits, orders, approvals and consultations required by other federal and state agencies, including DOT, the Advisory Council on Historic Preservation, USACE, U.S. Department of Commerce, National Marine Fisheries Service, U.S. Department of the Interior, U.S. Fish and Wildlife Service, the EPA and the U.S. Department of Homeland Security. The necessary permits required for construction have been obtained and will be maintained for the Driftwood terminal and Driftwood pipeline. Similarly, additional permits, orders, approvals and consultations will be required for the other elements of the Driftwood Project.

Three significant permits that apply to the Driftwood terminal and Driftwood pipeline are the USACE Section 404 of the CWA/Section 10 of the Rivers and Harbors Act Permit, the CAA Title V Operating Permit and the Prevention of Significant Deterioration Permit, of which the latter two permits are issued by the Louisiana Department of Environmental Quality. Each of the Driftwood terminal and Driftwood pipeline has received its permit from USACE, including a review and

approval by USACE of the findings and conditions set forth in an Environmental Impact Statement and Record of Decision issued for the Driftwood terminal and Driftwood pipeline pursuant to the requirements of NEPA. The Louisiana Department of Environmental Quality has issued the Prevention of Significant Deterioration permit, which is required to commence construction of the Driftwood terminal as well as the Title V Operating Permit. These material approvals will be required for the other elements of the Driftwood Project.

Environmental Regulation

Our operations are and will be subject to various federal, state and local laws and regulations relating to the protection of the environment and natural resources, the handling, generation, storage and disposal of hazardous materials and solid and hazardous wastes and other matters. These environmental laws and regulations, which can restrict or prohibit impacts to the environment or the types, quantities and concentration of substances that can be released into the environment, will require significant expenditures for compliance, can affect the cost and output of operations, may impose substantial administrative, civil and/or criminal penalties for non-compliance and can result in substantial liabilities. The statutes, regulations and permit requirements imposed under environmental laws are modified frequently, sometimes retroactively. Such changes are difficult to predict or prepare for, and may impose material costs for new permits, capital investment or operational limitations or changes.

The Biden Administration has issued a number of executive orders that direct federal agencies to take actions that may change regulations and guidance applicable to our business.

Executive Order 14008, "Tackling the Climate Crisis at Home and Abroad," 86 FR 7619 (January 27, 2021), establishes a policy "promoting the flow of capital toward climate-aligned investments and away from high-carbon investments." It also requires the heads of agencies to identify any fossil fuel subsidies provided by their respective agencies, and to seek to eliminate fossil fuel subsidies from the budget request for fiscal year 2022 and thereafter.

Executive Order 13990, "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis," 86 FR 7037 (January 20, 2021) directs agencies to review regulations and policies adopted by the Trump Administration and to "confront the climate crisis." It specifically directs the EPA to consider suspending, revising or rescinding certain regulations, including restrictions on emissions from the oil and gas sector. In addition, Executive Order 13990 establishes a federal inter-agency working group to recommend methods for agencies to incorporate the "social cost of carbon" into their decision making. Finally, Executive Order 13990 directs the White House Council on Environmental Quality to rescind draft guidance restricting the review of climate change issues in reviews under the NEPA and to update regulations to strengthen climate change reviews.

Regulatory Freeze Pending Review. A White House Memorandum issued on January 20, 2021, entitled "Regulatory Freeze Pending Review," requires all federal departments and agencies to withdraw any final rules that have not yet been published, and to consider postponing the effective dates of any rules published in the Federal Register that have not yet taken effect.

NEPA. NEPA and comparable state laws and regulations require that government agencies review the environmental impacts of proposed projects. On July 16, 2020, the White House Council on Environmental Quality published a final rule to "modernize and clarify" the prior NEPA implementation regulations and to streamline environmental reviews required by NEPA (the "Revised NEPA Regulations"). The Revised NEPA Regulations set a presumptive time limit for completion of NEPA reviews and limit the scope of NEPA reviews to those effects that are reasonably foreseeable and have a reasonably close causal relationship to the proposed action or alternatives. While these changes are not likely to require amendments to the USACE permits and NEPA-related findings that were completed prior to the effective date of the final NEPA rule, the changes in the NEPA regulations may impact new permits, permit modifications and other elements of the Driftwood Project that are under development. The Revised NEPA Regulations are currently subject to legal challenges. In addition, changes to policies and regulations may occur as a result of Executive Order 13990. Therefore, the impact on the Driftwood Project of the previously Revised NEPA Regulations and new NEPA regulations and guidance will not be determinable for the foreseeable future.

CAA. The CAA and comparable state laws and regulations restrict the emission of air pollutants from many sources and impose various monitoring and reporting requirements, among other requirements. The Driftwood Project includes facilities and operations that are subject to the federal CAA and comparable state and local laws, including requirements to obtain pre-construction permits and operating permits. We may be required to incur capital expenditures for air pollution control equipment in connection with maintaining or obtaining permits and approvals pursuant to the CAA and comparable state laws and regulations.

In August 2020, the EPA issued two final rules that revised the new source performance standards under the CAA (the "2020 CAA Revisions") to require reductions in emissions, including methane emissions, from new and modified sources in the oil and natural gas sector. The 2020 CAA Revisions addressed certain technical issues raised in administrative petitions and included proposed changes to, among other things, the frequency of monitoring for fugitive emissions at well sites and

compressor stations. The 2020 CAA Revisions also removed all emissions sources in the compressor stations, pneumatic controllers and underground storage vessels from regulation. The rules became effective on October 13, 2020. The 2020 CAA Revisions are currently subject to legal challenges. In addition, President Biden has specifically required the EPA to review the 2020 rules for possible rescission or modification. Therefore, the impact of the revised oil and gas new source performance standards on the Driftwood Project and Tellurian's compliance obligations are not determinable at this time.

Greenhouse Gases. In December 2009, the EPA published its findings that emissions of carbon dioxide, methane, and other greenhouse gases ("GHGs") present an endangerment to public health and the environment because emissions of GHGs are, according to the EPA, contributing to warming of the earth's atmosphere and other climatic changes. These findings provide the basis for the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the CAA. In June 2010, the EPA began regulating GHG emissions from stationary sources, including LNG terminals. In June 2019, the EPA issued the final Affordable Clean Energy rule, which, among other things, establishes emission guidelines for states to develop plans to address greenhouse gas emissions from existing coal-fired power plants. The Affordable Clean Energy rule was subject to legal challenges and, in January 2021, the U.S. Court of Appeals for the District of Columbia Circuit vacated the rule and remanded the rule to the EPA for revision or replacement.

The Biden Administration has communicated its intention to address climate change and has issued Executive Orders with respect to certain governmental actions related to climate change. In the future, the EPA may promulgate additional regulations for sources of GHG emissions that could affect the oil and gas sector, and Congress or states may enact new GHG legislation, either of which could impose emission limits on the Driftwood Project or require the Driftwood Project to implement additional pollution control technologies, pay fees related to GHG emissions or implement mitigation measures. The scope and effects of any new laws or regulations are difficult to predict, and the impact of such laws or regulations on the Driftwood Project cannot be predicted at this time.

Coastal Zone Management Act. Certain aspects of the Driftwood terminal are subject to the requirements of the CZMA. The CZMA is administered by the states (in Louisiana, by the Department of Natural Resources). This program is implemented to ensure that impacts to coastal areas are consistent with the intent of the CZMA to manage the coastal areas. Certain facilities that are part of the Driftwood Project obtained permits for construction and operation in coastal areas pursuant to the requirements of the CZMA.

Clean Water Act. The Driftwood Project is subject to the CWA and analogous state and local laws. The CWA and analogous state and local laws regulate discharges of pollutants to waters of the United States or waters of the state, including discharges of wastewater and storm water runoff and discharges of dredged or fill material into waters of the United States, as well as spill prevention, control and countermeasure requirements. Permits must be obtained prior to discharging pollutants into state and federal waters or dredging or filling wetland and coastal areas. The CWA is administered by the EPA, the USACE and by the states. Additionally, the siting and construction of the Driftwood terminal and Driftwood pipeline will impact jurisdictional wetlands, which would require appropriate federal, state and/or local permits and approval prior to impacting such wetlands. The authorizing agency may impose significant direct or indirect mitigation costs to compensate for regulated impacts to wetlands. Although the CWA permits required for construction and operation of the Driftwood terminal and Driftwood pipeline have been obtained, other CWA permits may be required in connection with our projects that are under development and our future projects. The approval timeframe may also be longer than expected and could potentially affect project schedules.

In April 2020, the EPA and the USACE finalized a rule revising and narrowing the definition of "waters of the United States" and replacing prior rules defining the same issued in 1986 and 2015 (the "2020 Rule"). The 2020 Rule could reduce costs and delays with respect to obtaining permits for discharges of pollutants or dredge and fill activities in waters of the United States including in wetland areas for facilities of the Driftwood terminal and Driftwood pipeline that have not yet obtained CWA permits. The 2020 Rule is currently subject to legal challenges. Changes in the definition of "waters of the United States" are not likely to affect the permits already obtained for the Driftwood terminal and Driftwood pipeline, but further changes to the 2020 Rule or any judicial decisions that require modification to the 2020 Rule could affect other elements of the Driftwood terminal and Driftwood pipeline in ways that cannot be predicted at this time.

Federal laws including the CWA require certain owners or operators of facilities that store or otherwise handle oil and produced water to prepare and implement spill prevention, control, countermeasure and response plans addressing the possible discharge of oil into surface waters. The Oil Pollution Act of 1990 ("OPA") subjects owners and operators of facilities to strict and joint and several liability for all containment and cleanup costs and certain other damages arising from oil spills, including the government's response costs. Spills subject to the OPA may result in varying civil and criminal penalties and liabilities. The Driftwood Project incorporates appropriate equipment and operational measures to reduce the potential for spills of oil and establish protocols for responding to spills, but oil spills remain an operational risk that could adversely affect our operations and result in additional costs or fines or penalties.

Resource Conservation and Recovery Act. The federal RCRA and comparable state requirements govern the generation, handling and disposal of solid and hazardous wastes and require corrective action for releases into the environment. In the event such wastes are generated or used in connection with our facilities, we will be subject to regulatory requirements affecting the handling, transportation, treatment, storage and disposal of such wastes and could be required to perform corrective action measures to clean up releases of such wastes. The EPA and certain environmental groups entered into an agreement pursuant to which the EPA was required to propose, no later than March 2019, a rulemaking for revision of certain regulations pertaining to oil and natural gas wastes or sign a determination that revision of the regulations is not necessary. In April 2019, the EPA determined that revision of the regulations is not necessary. Information comprising the EPA's review and the decision is contained in a document entitled "Management of Exploration, Development and Production Wastes: Factors Informing a Decision on the Need for Regulatory Action." The EPA indicated that it would continue to work with states and other organizations to identify areas for continued improvement and to address emerging issues to ensure that exploration, development and production wastes continue to be managed in a manner that is protective of human health and the environment. Environmental groups, however, expressed dissatisfaction with the EPA's decision and will likely continue to press the issue at the federal and state levels. A loss of the exclusion from RCRA coverage for drilling fluids, produced waters and related wastes in the future could result in a significant increase in our costs to manage and dispose of waste associated with our production operations.

*The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA").*CERCLA, often referred to as Superfund, and comparable state statutes, impose liability that is generally joint and several and that is retroactive for costs of investigation and remediation and for natural resource damages, without regard to fault or the legality of the original conduct, for the release of a "hazardous substance" (or under state law, other specified substances) into the environment. So-called potentially responsible parties ("PRPs") include the current and certain past owners and operators of a facility where there has been a release or threat of release of a hazardous substance and persons who disposed of or arranged for the disposal of, or transported hazardous substances found at a site. CERCLA also authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the PRPs the cost of such action. Liability can arise from conditions on properties where operations are conducted, even under circumstances where such operations were performed by third parties and/or from conditions at disposal facilities where materials were sent. Our operations involve the use or handling of materials that include or may be classified as hazardous substances under CERCLA or regulated under similar state statutes. We may also be the owner or operator of sites on which hazardous substances have been released and may be responsible for the investigation, management and disposal of soils or dredge spoils containing hazardous substances in connection with our operations.

Oil and natural gas exploration and production, and possibly other activities, have been conducted at some of our properties by previous owners and operators. Materials from these operations remain on some of the properties and in certain instances may require remediation. In some instances, we have agreed to indemnify the sellers of producing properties from whom we have acquired reserves against certain liabilities for environmental claims associated with the properties. Accordingly, the Driftwood Project could incur material costs for remediation required under CERCLA or similar state statutes in the future.

Hydraulic Fracturing. Hydraulic fracturing is commonly used to stimulate the production of crude oil and/or natural gas from dense subsurface rock formations. We plan to use hydraulic fracturing extensively in our natural gas production operations. The process involves the injection of water, sand, and additives under pressure into a targeted subsurface formation. The water and pressure create fractures in the rock formations which are held open by the grains of sand, enabling the natural gas to more easily flow to the wellbore. The process is generally subject to regulation by state oil and natural gas commissions but is also subject to new and changing regulatory programs at the federal, state and local levels.

In February 2014, the EPA issued permitting guidance under the Safe Drinking Water Act (the "SDWA") for the underground injection of liquids from hydraulically fractured wells and other wells where diesel is used. Depending upon how it is implemented, this guidance may create duplicative requirements in certain areas, further slow the permitting process in certain areas, increase the costs of operations, and result in expanded regulation of hydraulic fracturing activities related to the Driftwood Project.

In May 2014, the EPA issued an advance notice of proposed rulemaking under the Toxic Substances Control Act ("TSCA") pursuant to which it will collect extensive information on the chemicals used in hydraulic fracturing fluid, as well as other health-related data, from chemical manufacturers and processors. If the EPA regulates hydraulic fracturing fluid under TSCA in the future, such regulation may increase the cost of our gas production operations and the feedstock for the Driftwood terminal.

In June 2016, the EPA finalized pretreatment standards for indirect discharges of wastewater from the oil and natural gas extraction industry. The regulation prohibits sending wastewater pollutants from onshore unconventional oil and natural gas extraction facilities to publicly-owned treatment works. Certain activities of our Business are subject to the pretreatment

standards, which means that we are required to use disposal methods that may require additional permits or cost more to implement than disposal at publicly-owned treatment works.

In December 2016, the EPA released a report titled "Hydraulic Fracturing for Oil and Gas: Impacts from the Hydraulic Fracturing Water Cycle on Drinking Water Resources in the United States." The report concluded that activities involved in hydraulic fracturing can have impacts on drinking water under certain circumstances. In addition, the U.S. Department of Energy has investigated practices that the agency could recommend to better protect the environment from drilling using hydraulic fracturing completion methods. These and similar studies, depending on their degree of development and nature of results obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory mechanisms. If the EPA proposes additional regulations of hydraulic fracturing in the future, they could impose additional emission limits and pollution control technology requirements on the Driftwood Project, which could limit our operations and revenues and potentially increase our costs of gas production or acquisition.

Endangered Species Act ("ESA"). Our operations may be restricted by requirements under the ESA. The ESA prohibits the harassment, harming or killing of certain protected species and destruction of protected habitats. Under the NEPA review process conducted by FERC, we have been and will be required to consult with federal agencies to determine limitations on and mitigation measures applicable to activities that have the potential to result in harm to threatened or endangered species of plants, animals, fish and their designated habitats. Although we have conducted studies and engaged in consultations with agencies in order to avoid harming protected species, inadvertent or incidental harm may occur in connection with the construction or operation of the Driftwood Project, which could result in fines or penalties. In addition, if threatened or endangered species are found on any part of the Driftwood Project sites, including pipeline rights of way, then we may be required to implement avoidance or mitigation measures that could limit our operations or impose additional costs.

Regulation of Natural Gas Production

Our natural gas production operations are subject to a number of additional laws, rules and regulations that require, among other things, permits for the drilling of wells, drilling bonds and reports concerning operations. States, parishes and municipalities in which we operate may regulate, among other things:

- the location of new wells;
- the method of drilling, completing and operating wells;
- the surface use and restoration of properties upon which wells are drilled;
- the plugging and abandoning of wells;
- notice to surface owners and other third parties; and
- produced water and waste disposal.

State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and natural gas properties. Some states, including Louisiana, allow forced pooling or integration of tracts to facilitate exploration, while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce our interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells and generally prohibit the venting or flaring of natural gas and require that oil and natural gas be produced in a prorated, equitable system. These laws and regulations may limit the amount of oil and natural gas that we can produce from our wells or limit the number of wells or the locations at which we can drill. Moreover, most states generally impose a production, ad valorem or severance tax with respect to the production and sale of oil and natural gas within their jurisdictions. Many local authorities also impose an ad valorem tax on the minerals in place. States do not generally regulate wellhead prices or engage in other, similar direct economic regulation, but there can be no assurance they will not do so in the future.

Anti-Corruption Laws

We are subject to one or more anti-corruption laws in various jurisdictions, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.K. Bribery Act of 2010 and other anti-corruption laws. The FCPA and these other laws generally prohibit employees and agents from authorizing, offering, or providing improper payments or anything else of value to foreign government officials or other covered persons to obtain or retain business or gain an improper business advantage. We face the risk that one of our employees or agents will offer, authorize, or provide something of value that could subject us to liability under the FCPA and other anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security, the U.S. Department of Treasury's

Office of Foreign Assets Control, and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations, and transfer pricing regulations (collectively, "Trade Control laws").

We are also subject to new U.K. corporate criminal offenses for failure to prevent the facilitation of tax evasion pursuant to the Criminal Finances Act 2017, which imposes criminal liability on a company where it has failed to prevent the criminal facilitation of tax evasion by a person associated with the company.

We have instituted policies, procedures and ongoing training of employees with regard to business ethics, designed to ensure that we and our employees comply with the FCPA, other anti-corruption laws, Trade Control laws and the Criminal Finances Act 2017. However, there is no assurance that our efforts have been and will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA or other legal requirements. If we are not in compliance with the FCPA, other anti-corruption laws, the Trade Control laws or the Criminal Finances Act 2017, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have a material adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the FCPA, other anti-corruption laws the Trade Control laws or the Criminal Finances Act 2017 by the U.S. or foreign authorities could have a material adverse impact on our reputation, business, financial condition and results of operations. U.S. or foreign authorities may also seek to hold us liable for successor liability for FCPA violations committed by companies we acquire or in which we invest (for example, by way of acquiring equity interests, participating as a joint venture partner, or acquiring assets).

Competition

We are subject to a high degree of competition in all aspects of our business. See "Item 1A — Risk Factors — Risks Relating to Our Business in General — *Competition is intense in the energy industry and some of Tellurian's competitors have greater financial, technological and other resources*."

Production & Transportation. The natural gas and oil business is highly competitive in the exploration for and acquisition of reserves, the acquisition of natural gas and oil leases, equipment and personnel required to develop and produce reserves, and the gathering, transportation and marketing of natural gas and oil. Our competitors include national oil companies, major integrated natural gas and oil companies, other independent natural gas and oil companies, and participants in other industries supplying energy and fuel to industrial, commercial, and individual consumers, such as operators of pipelines and other midstream facilities. Many of our competitors have longer operating histories, greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than we currently possess.

Liquefaction. The Driftwood terminal will compete with liquefaction facilities worldwide to supply low-cost liquefaction to the market. There are a number of liquefaction facilities worldwide that we compete with for customers. Many of the companies with which we compete have greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than we do.

LNG Marketing. Tellurian competes with a variety of companies in the global LNG market, including (i) integrated energy companies that market LNG from their own liquefaction facilities, (ii) trading houses and aggregators with LNG supply portfolios, and (iii) liquefaction plant operators that market equity volumes. Many of the companies with which we compete have greater name recognition, larger staffs, greater access to the LNG market and substantially greater financial, technical, and marketing resources than we do.

Title to Properties

With respect to our natural gas producing properties, we believe that we hold good and defensible leasehold title to substantially all of our properties in accordance with standards generally accepted in the industry. A preliminary title examination is conducted at the time the properties are acquired. Our natural gas properties are subject to royalty, overriding royalty, and other outstanding interests. We believe that we hold good title to our other properties, subject to customary burdens, liens, or encumbrances that we do not expect to materially interfere with our use of the properties.

Major Customers

We do not have any major customers.

Facilities

Certain subsidiaries of Tellurian have entered into operating leases for office space in Houston, Texas, and Washington, D.C. The tenors of the leases are five and eight years for Houston and Washington, D.C., respectively.

Employees and Human Capital

As of December 31, 2020, Tellurian had 102 full-time employees worldwide. None of them are subject to collective bargaining arrangements. The Company's workforce is primarily located in Houston, Texas, but some employees live in Louisiana, Washington DC, London and Singapore. Many of our employees are originally from, or have extensive experience working in, countries other than the United States. This reflects our overall strategy of building a natural gas business that is global in scope.

We plan to build, among other things, an LNG liquefaction facility that we believe is one of the largest energy infrastructure projects currently under development in the United States. Given the inherent challenges involved in the construction of a project of this type, in particular by a company that has limited current operations, our human resources strategy focuses on the recruitment and retention of employees who have already established relevant expertise in the industry. The execution of this strategy has resulted in us assembling what we believe to be a premier management team in the global LNG industry. A related aspect of our human resources strategy is that the compensation structure for many of our employees is weighted towards incentive compensation that is designed to reward progress toward the development of our business, including in particular the financing and construction of the Driftwood Project.

Jurisdiction and Year of Formation

The Company is a Delaware corporation originally formed in 1967 and formerly known as Magellan Petroleum Corporation.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available free of charge from the SEC's website at www.sec.gov or from our website at www.tellurianinc.com. We also make available free of charge any of our SEC filings by mail. For a mailed copy of a report, please contact Tellurian Inc., Investor Relations, 1201 Louisiana Street, Suite 3100, Houston, Texas 77002.

ITEM 1A. RISK FACTORS

Our business activities and the value of our securities are subject to significant hazards and risks, including those described below. If any of such events should occur, our business, financial condition, liquidity, and/or results of operations could be materially harmed, and holders and purchasers of our securities could lose part or all of their investments. Our risk factors are grouped into the following categories:

- Risks Relating to Financial Matters;
- Risks Relating to Our Common Stock;
- Risks Relating to Our LNG Business;
- Risks Relating to Our Natural Gas and Oil Production Activities; and
- Risks Relating to Our Business in General.

Risks Relating to Financial Matters

Tellurian will be required to seek additional equity and/or debt financing in the future to complete the Driftwood Project and to grow its other operations, and may not be able to secure such financing on acceptable terms, or at all.

Tellurian will be unable to generate any significant revenue from the Driftwood Project for multiple years, and expects cash flow from its other lines of business to be modest for an extended period as it focuses on the development and growth of these businesses. Tellurian will, therefore, need substantial amounts of additional financing to execute its business plan and to repay its indebtedness when necessary. There can be no assurance that Tellurian will be able to raise sufficient capital on acceptable terms, or at all. If such financing is not available on satisfactory terms or is not available at all, Tellurian may be required to delay, scale back or cancel the development of business opportunities, and this could adversely affect its operations and financial condition to a significant extent. Tellurian intends to pursue a variety of potential financing transactions, including sales of equity of Driftwood Holdings to purchasers of its LNG. We do not know whether, and to what extent, LNG purchasers and other potential sources of financing will find the terms we propose acceptable.

Debt or preferred equity financing, if obtained, may involve agreements that include liens or restrictions on Tellurian's assets and covenants limiting or restricting our ability to take specific actions, such as paying dividends or making distributions, incurring additional debt, acquiring or disposing of assets and increasing expenses. Debt financing would also be required to be repaid regardless of Tellurian's operating results.

In addition, the ability to obtain financing for the proposed Driftwood Project may depend in part on Tellurian's ability to enter into sufficient commercial agreements prior to the commencement of construction. Except for the equity capital contribution agreement and LNG sale and purchase agreement with affiliates of TOTAL S.A., which agreements remain subject to certain conditions precedent, Tellurian has not entered into any definitive third-party agreements for the proposed Driftwood Project, and it may not be successful in negotiating and entering into such agreements.

Pandemics or disease outbreaks, such as the currently ongoing COVID-19 outbreak, may adversely affect our efforts to reach a final investment decision with respect to the Driftwood Project.

Pandemics or disease outbreaks such as the currently ongoing COVID-19 outbreak may have a variety of adverse effects on our business, including by depressing commodity prices and the market value of our securities and limiting the ability of our management to travel to meet with partners and potential partners. Prospects for the development and financing of the Driftwood Project are based in part on factors including global economic conditions that have been, and are likely to continue to be, adversely affected by the COVID-19 pandemic. Additional effects of the pandemic on our business may include limits on the ability of our employees, or those of partners or vendors, to provide necessary services due to illness or quarantines and governmental restrictions on travel, imports or exports or financial transactions.

The ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition and cash flows is dependent on future developments, including the severity and duration of the pandemic, actions that have been and may be taken by governmental authorities, the impact on the businesses of our customers, and the duration of the resulting macroeconomic conditions, all of which are uncertain and are difficult to predict at this time.

We have a limited operating history and expect to incur losses for a significant period of time.

We have a limited operating history. Although Tellurian's current directors, managers and officers have prior professional and industry experience, our business is in an early stage of development. Accordingly, the prior history, track record and historical financial information you may use to evaluate our prospects are limited.

Tellurian has not yet commenced the construction of the Driftwood Project and expects to incur significant additional costs and expenses through the completion of development and construction of that project. The Company also expects to

devote substantial amounts of capital to the growth and development of its other operations. Tellurian expects that operating losses will increase substantially in 2021 and thereafter, and expects to continue to incur operating losses and to experience negative operating cash flows for the next several years.

Tellurian's exposure to the performance and credit risks of its counterparties may adversely affect its operating results, liquidity and access to financing.

Our operations involve our entering into various construction, purchase and sale, hedging, supply and other transactions with numerous third parties. In such arrangements, we will be exposed to the performance and credit risks of our counterparties, including the risk that one or more counterparties fail to perform their obligations under the applicable agreement. Some of these risks may increase during periods of commodity price volatility. In some cases, we will be dependent on a single counterparty or a small group of counterparties, all of whom may be similarly affected by changes in economic and other conditions. These risks include, but are not limited to, risks related to the construction of the Driftwood terminal discussed below in " — Risks Relating to Our LNG Business — *Tellurian will be dependent on third-party contractors for the successful completion of the Driftwood terminal, and these contractors may be unable to complete the Driftwood terminal*." Defaults by suppliers and other counterparties may adversely affect our operating results, liquidity and access to financing.

Our use of hedging arrangements may adversely affect our future operating results or liquidity.

As we continue to develop our LNG and natural gas marketing and natural gas production activities, we may enter into commodity hedging arrangements in an effort to reduce our exposure to fluctuations in price and timing risk. Any hedging arrangements entered into would expose us to the risk of financial loss when (i) the counterparty to the hedging contract defaults on its contractual obligations or (ii) there is a change in the expected differential between the underlying price in the hedging agreement and the actual prices received.

Also, commodity derivative arrangements may limit the benefit we would otherwise receive from a favorable change in the relevant commodity price. In addition, regulations issued by the Commodities Futures Trading Commission, the SEC and other federal agencies establishing regulation of the over-the-counter derivatives market could adversely affect our ability to manage our price risks associated with our LNG and natural gas activity and therefore have a negative impact on our operating results and cash flows.

Changes in tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and liquidity.

Factors that could materially affect our future effective tax rates include but are not limited to:

- changes in the regulatory environment;
- changes in accounting and tax standards or practices;
- changes in U.S., state or foreign tax laws;
- changes in the composition of operating income by tax jurisdiction; and
- our operating results before taxes.

We are also subject to examination by the Internal Revenue Service (the "IRS") and other tax authorities, including state revenue agencies and other foreign governments. While we regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations by the IRS and other tax authorities to determine the adequacy of our provision for income taxes, there can be no assurance that the actual outcome resulting from these examinations will not materially adversely affect our financial condition and operating results. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected.

Tellurian does not expect to generate sufficient cash to pay dividends until the completion of construction of the Driftwood Project.

Tellurian's directly and indirectly held assets currently consist primarily of cash held for certain start-up and operating expenses, applications for permits from regulatory agencies relating to the Driftwood Project and certain real property and mineral interests related to that project. Tellurian's cash flow, and consequently its ability to distribute earnings, is solely dependent upon the cash flow its subsidiaries receive from the Driftwood Project and its other operations. Tellurian's ability to complete the Driftwood Project, as discussed further below, is dependent upon its subsidiaries' ability to obtain and maintain necessary regulatory approvals and raise the capital necessary to fund the development of the project. We expect that cash flows from our operations will be reinvested in the business rather than used to fund dividends, that pursuing our strategy will require substantial amounts of capital, and that the required capital will exceed cash flows from operations for a significant period.

Tellurian's ability to pay dividends in the future is uncertain and will depend on a variety of factors, including limitations on the ability of it or its subsidiaries to pay dividends under applicable law and/or the terms of debt or other agreements, and the judgment of the board of directors or other governing body of the relevant entity.

We may be unable to fulfill our obligations under our debt agreements.

We and certain of our subsidiaries have borrowed funds pursuant to agreements described in Note 9,*Borrowings,* of our Notes to Consolidated Financial Statements included in this report. Our ability to generate cash flows from operations or obtain refinancing capital sufficient to pay interest and principal on our indebtedness will depend on our future operating performance and financial condition and the availability of refinancing debt or equity capital, which will be affected by prevailing commodity prices and economic conditions and financial, business and other factors, many of which are beyond our control. We do not currently have any material sources of operating cash flows. Our inability to generate adequate cash flows from operations could adversely affect our ability to execute our overall business plan, and we could be required to sell assets, reduce our capital expenditures or seek refinancing debt or equity capital to satisfy the requirements of the debt agreements. These alternative measures may be unavailable or inadequate, in which case we could be forced into bankruptcy or liquidation, and may themselves adversely affect our overall business strategy.

Restrictions in our debt agreements could limit our growth and operations.

Our debt agreements contain restrictions on our activities, certain of which are described in Note 9*,Borrowings*, of our Notes to Consolidated Financial Statements included in this report.

These covenants may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. For example, the credit agreement to which Tellurian Production Holdings LLC ("Production Holdings") is subject requires it to maintain a commodity hedge position that covers at least a specified minimum, but does not cover more than a specified maximum, of its anticipated future production, and these requirements may limit its ability to pursue its preferred hedging strategy. In addition, the entire amount of that loan is currently deemed to be outstanding, but Production Holdings is generally prohibited from using the borrowed funds except pursuant to a specified plan of development approved by the lenders. Accordingly, there could be circumstances in which Production Holdings is required to incur interest on funds borrowed but is unable to use those funds in the way it believes is most appropriate for its business.

If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under one or more of those agreements, which could result in an acceleration of amounts due under those agreements.

Our debt agreements contain financial and other covenants. If we are unable to satisfy certain covenants, we would be in default under the applicable agreement, and the lenders could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, and institute foreclosure proceedings with respect to our assets. We may not have sufficient funds, or the ability to obtain sufficient funds, to repay the amounts then due. In those circumstances, we or one or more of our subsidiaries could be forced into bankruptcy or liquidation.

The phaseout of the London Interbank Offered Rate (LIBOR), or the replacement of LIBOR with a different reference rate, may adversely affect interest rates.

On July 27, 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced that it would phase out LIBOR by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021, or if alternative rates or benchmarks will be adopted. Changes in the method of calculating LIBOR, or the replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could materially and adversely affect the Company's results of operations, cash flows and liquidity. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks. Changes in the method of calculating LIBOR, or the use of an alternative rate or benchmark, may negatively impact the terms of our existing or future indebtedness. If changes are made to the method of calculating LIBOR or LIBOR ceases to exist, we may need to amend certain contracts and cannot predict what alternative rate or benchmark would be negotiated. This may result in an increase to our interest expense.

Risks Relating to Our Common Stock

The price of our common stock has been and may continue to be highly volatile, which may make it difficult for shareholders to sell our common stock when desired or at attractive prices.

The market price of our common stock is highly volatile, and we expect it to continue to be volatile for the foreseeable future. Adverse events could trigger a significant decline in the trading price of our common stock, including, among others, failure to obtain necessary permits, unfavorable changes in commodity prices or commodity price expectations, adverse regulatory developments, loss of a relationship with a partner, litigation and departures of key personnel. Furthermore, general market conditions, including the level of, and fluctuations in, the trading prices of equity securities generally could affect the

price of our stock. The stock markets frequently experience price and volume volatility that affects many companies' stock prices, often in ways unrelated to the operating performance of those companies. These fluctuations may affect the market price of our common stock. The trading price of our common stock during 2020 was as low as $0.67 per share and as high as $8.69 per share, and it has risen in the last few months. While this increase may be attributable, in whole or in part, to economic developments such as substantial recent increases in JKM prices for LNG, we cannot rule out the possibility that it resulted in whole or in part from market phenomena. If so, those market phenomena could reverse themselves at any time, leading to a rapid and substantial decline in the price of our stock.

The market price of our common stock could be adversely affected by sales of substantial amounts of our common stock by us or our major shareholders.

Sales of a substantial number of shares of our common stock in the market by us or any of our major shareholders, or the perception that these sales may occur, could cause the market price of our common stock to decline. In addition, the sale of these shares in the public market, or the possibility of such sales, could impair our ability to raise capital through the sale of additional equity securities. Our insider trading policy permits our officers and directors, some of whom own substantial percentages of our outstanding common stock, to pledge shares of stock that they own as collateral for loans subject to certain requirements. Some of our officers and directors have pledged shares of stock in accordance with this policy. Such pledges have in the past resulted, and could result in the future, in large amounts of shares of our stock being sold in the market in a short period and corresponding declines in the trading price of the common stock.

In addition, in the future, we may issue shares of our common stock, or securities convertible into our common stock, in connection with acquisitions of assets or businesses or for other purposes. Such issuances may result in dilution to our existing stockholders and could have an adverse effect on the market value of shares of our common stock, depending on market conditions at the time, the terms of the issuance, and if applicable, the value of the business or assets acquired and our success in exploiting the properties or integrating the businesses we acquire.

Risks Relating to Our LNG Business

Various economic and political factors could negatively affect the development, construction and operation of LNG facilities, including the Driftwood terminal, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Commercial development of an LNG facility takes a number of years, requires substantial capital investment and may be delayed by factors such as:

- increased construction costs;
- economic downturns, increases in interest rates or other events that may affect the availability of sufficient financing for LNG projects on commercially reasonable terms;
- decreases in the price of natural gas or LNG, which might decrease the expected returns relating to investments in LNG projects;
- the inability of project owners or operators to obtain governmental approvals to construct or operate LNG facilities; and
- political unrest or local community resistance to the siting of LNG facilities due to safety, environmental or security concerns.

Our failure to execute our business plan within budget and on schedule could materially adversely affect our business, financial condition, operating results, liquidity and prospects.

Tellurian's estimated costs for the Driftwood Project and other projects may not be accurate and are subject to change.

We currently estimate the total cost of the Driftwood Project to be approximately $[28.9] billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction of the Driftwood terminal and other financing costs. However, cost estimates for these and other projects we may pursue are only approximations of the actual costs of construction. Cost estimates may be inaccurate and may change due to various factors, such as cost overruns, change orders, delays in construction, legal and regulatory requirements, site issues, increased component and material costs, escalation of labor costs, labor disputes, changes in commodity prices, changes in foreign currency exchange rates, increased spending to maintain Tellurian's construction schedule and other factors. For example, new or increased tariffs on materials needed in the construction process could materially increase construction costs. In particular, tariffs on imported steel may significantly increase our construction costs. Similarly, cost overruns could occur to portions of the project scope within the LSTK EPC agreements that are provisional such as dredging-related expenditures. Our estimate of the cost of construction of the Driftwood terminal is based on the prices set forth in our LSTK EPC agreements with Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") that are subject to adjustment by change orders, including for consideration of certain increased costs.

Our failure to achieve our cost estimates could materially adversely affect our business, financial condition, operating results, liquidity and prospects.

If third-party pipelines and other facilities interconnected to our LNG facilities become unavailable to transport natural gas, this could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We will depend upon third-party pipelines and other facilities that will provide natural gas delivery options to our natural gas production operations and our LNG facilities. If the construction of new or modified pipeline connections is not completed on schedule or any pipeline connection were to become unavailable for current or future volumes of natural gas due to repairs, damage to the facility, lack of capacity or any other reason, our ability to meet our LNG sale and purchase agreement obligations and continue shipping natural gas from producing operations or regions to end markets could be restricted, thereby reducing our revenues. This could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Tellurian's ability to generate cash may depend upon it entering into contracts with third-party customers and the performance of those customers under those contracts.

Except for the equity capital contribution agreement and LNG sale and purchase agreement with affiliates of TOTAL S.A., which agreements remain subject to certain conditions precedent, Tellurian has not yet entered into commercial arrangements with third-party customers for products and services from the Driftwood Project. Tellurian's business strategy may change regarding how and when the proposed Driftwood Project's export capacity is marketed. Also, Tellurian's business strategy may change due to an inability to enter into agreements with customers or based on a variety of factors, including the future price outlook, supply and demand of LNG, natural gas liquefaction capacity, and global regasification capacity. If our efforts to market the proposed Driftwood Project and the LNG it will produce are not successful, Tellurian's business, results of operations, financial condition and prospects may be materially and adversely affected.

We may not be able to purchase, receive or produce sufficient natural gas to satisfy our delivery obligations under any LNG sale and purchase agreements, which could have an adverse effect on us.

Under LNG sale and purchase agreements with our customers, we may be required to make available to them a specified amount of LNG at specified times. However, we may not be able to acquire or produce sufficient quantities of natural gas or LNG to satisfy those obligations, which may provide affected customers with the right to terminate their LNG sale and purchase agreements. Our failure to purchase, receive or produce sufficient quantities of natural gas or LNG in a timely manner could have an adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

The construction and operation of the Driftwood Project and the Pipeline Network remain subject to further approvals, and some approvals may be subject to further conditions, review and/or revocation.

The design, construction and operation of LNG export terminals is a highly regulated activity. The approval of FERC under Section 3 of the NGA, as well as several other material governmental and regulatory approvals and permits, is required to construct and operate an LNG terminal. Such approvals and authorizations are often subject to ongoing conditions imposed by regulatory agencies, and additional approval and permit requirements may be imposed. Tellurian and its affiliates will be required to obtain and maintain governmental approvals and authorizations to implement its proposed business strategy, which includes the construction and operation of the Driftwood Project. Although all the major permits required for construction and operation of the Driftwood terminal and Driftwood pipeline have been obtained, numerous permits and approvals will be required in connection with other aspects of the Driftwood Project, including the construction and operation of the Pipeline Network and our upstream operations.

There is no assurance that Tellurian will obtain and maintain these governmental permits, approvals and authorizations, and failure to obtain and maintain any of these permits, approvals or authorizations could have a material adverse effect on its business, results of operations, financial condition and prospects.

Tellurian will be dependent on third-party contractors for the successful completion of the Driftwood terminal, and these contractors may be unable to complete the Driftwood terminal.

The construction of the Driftwood terminal is expected to take several years, will be confined to a limited geographic area and could be subject to delays, cost overruns, labor disputes and other factors that could adversely affect financial performance or impair Tellurian's ability to execute its proposed business plan. Timely and cost-effective completion of the Driftwood terminal in compliance with agreed-upon specifications will be highly dependent upon the performance of Bechtel and other third-party contractors pursuant to their agreements. However, Tellurian has not yet entered into definitive agreements with all of the contractors, advisors and consultants necessary for the development and construction of the Driftwood terminal. Tellurian may not be able to successfully enter into such construction contracts on terms or at prices that are acceptable to it.

Further, faulty construction that does not conform to Tellurian's design and quality standards may have an adverse effect on Tellurian's business, results of operations, financial condition and prospects. For example, improper equipment installation may lead to a shortened life of Tellurian's equipment, increased operations and maintenance costs or a reduced availability or production capacity of the affected facility. The ability of Tellurian's third-party contractors to perform successfully under any agreements to be entered into is dependent on a number of factors, including force majeure events and such contractors' ability to:

- design, engineer and receive critical components and equipment necessary for the Driftwood terminal to operate in accordance with specifications and address any start-up and operational issues that may arise in connection with the commencement of commercial operations;
- attract, develop and retain skilled personnel and engage and retain third-party subcontractors, and address any labor issues that may arise;
- post required construction bonds and comply with the terms thereof, and maintain their own financial condition, including adequate working capital;
- adhere to any warranties that the contractors provide in their EPC contracts; and
- respond to difficulties such as equipment failure, delivery delays, schedule changes and failure to perform by subcontractors, some of which are beyond their control, and manage the construction process generally, including engaging and retaining third-party contractors, coordinating with other contractors and regulatory agencies and dealing with inclement weather conditions.

Furthermore, Tellurian may have disagreements with its third-party contractors about different elements of the construction process, which could lead to the assertion of rights and remedies under the related contracts, resulting in a contractor's unwillingness to perform further work on the relevant project. Tellurian may also face difficulties in commissioning a newly constructed facility. Any significant delays in the development of the Driftwood terminal could materially and adversely affect Tellurian's business, results of operations, financial condition and prospects. In addition, the construction of the pipelines in the Pipeline Network and other infrastructure we build in connection with the Driftwood Project or otherwise will be subject to substantially all of the foregoing risks, and the occurrence of any construction-related problem could have a variety of adverse effects on our operations. In particular, completion of the Driftwood pipeline will be required for the long-term operations of the Driftwood terminal.

Tellurian's construction and operations activities are subject to a number of development risks, operational hazards, regulatory approvals and other risks, which could cause cost overruns and delays and could have a material adverse effect on its business, results of operations, financial condition, liquidity and prospects.

Siting, development and construction of the Driftwood Project will be subject to the risks of delay or cost overruns inherent in any construction project resulting from numerous factors, including, but not limited to, the following:

- difficulties or delays in obtaining, or failure to obtain, sufficient equity or debt financing on reasonable terms;
- failure to obtain all necessary government and third-party permits, approvals and licenses for the construction and operation of the Driftwood Project or any other proposed LNG facilities;
- difficulties in engaging qualified contractors necessary to the construction of the contemplated Driftwood Project or other LNG facilities;
- shortages of equipment, material or skilled labor;
- natural disasters and catastrophes, such as hurricanes, explosions, fires, floods, industrial accidents and terrorism;
- unscheduled delays in the delivery of ordered materials;
- work stoppages and labor disputes;
- competition with other domestic and international LNG export terminals;
- unanticipated changes in domestic and international market demand for and supply of natural gas and LNG, which will depend in part on supplies of and prices for alternative energy sources and the discovery of new sources of natural resources;
- unexpected or unanticipated need for additional improvements; and
- adverse general economic conditions.

Delays beyond the estimated development periods, as well as cost overruns, could increase the cost of completion beyond the amounts that are currently estimated, which could require Tellurian to obtain additional sources of financing to fund

the activities until the proposed Driftwood terminal is constructed and operational (which could cause further delays). Any delay in completion of the Driftwood Project may also cause a delay in the receipt of revenues projected from the Driftwood Project or cause a loss of one or more customers. As a result, any significant construction delay, whatever the cause, could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects. Similar risks may affect the construction of other facilities and projects we elect to pursue.

Cyclical or other changes in the demand for and price of LNG and natural gas may adversely affect Tellurian's LNG business and the performance of our customers and could lead to the reduced development of LNG projects worldwide.

Tellurian's plans and expectations regarding its business and the development of domestic LNG facilities and projects are generally based on assumptions about the future price of natural gas and LNG and the conditions of the global natural gas and LNG markets. Natural gas and LNG prices have been, and are likely to remain in the future, volatile and subject to wide fluctuations that are difficult to predict. Such fluctuations may be caused by various factors, including, but not limited to, one or more of the following:

- competitive liquefaction capacity in North America;
- insufficient or oversupply of natural gas liquefaction or receiving capacity worldwide;
- insufficient or oversupply of LNG tanker capacity;
- weather conditions;
- reduced demand and lower prices for natural gas, including as a result of the COVID-19 pandemic or similar events and related economic disruptions;
- increased natural gas production deliverable by pipelines, which could suppress demand for LNG;
- decreased oil and natural gas exploration activities, which may decrease the production of natural gas;
- cost improvements that allow competitors to offer LNG regasification services or provide natural gas liquefaction capabilities at reduced prices;
- changes in supplies of, and prices for, alternative energy sources such as coal, oil, nuclear, hydroelectric, wind and solar energy, which may reduce the demand for natural gas;
- changes in regulatory, tax or other governmental policies regarding imported or exported LNG, natural gas or alternative energy sources, which may reduce the demand for imported or exported LNG and/or natural gas;
- political conditions in natural gas producing regions; and
- cyclical trends in general business and economic conditions that cause changes in the demand for natural gas.

Adverse trends or developments affecting any of these factors could result in decreases in the price of LNG and/or natural gas, which could materially and adversely affect the performance of our customers and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects.

Technological innovation may render Tellurian's anticipated competitive advantage or its processes obsolete.

Tellurian's success will depend on its ability to create and maintain a competitive position in the natural gas liquefaction industry. In particular, although Tellurian plans to construct the Driftwood terminal using proven technologies that it believes provide it with certain advantages, Tellurian does not have any exclusive rights to any of the technologies that it will be utilizing. In addition, the technology Tellurian anticipates using in the Driftwood Project may be rendered obsolete or uneconomical by legal or regulatory requirements, technological advances, more efficient and cost-effective processes or entirely different approaches developed by one or more of its competitors or others, which could materially and adversely affect Tellurian's business, results of operations, financial condition, liquidity and prospects.

Failure of exported LNG to be a competitive source of energy for international markets could adversely affect our customers and could materially and adversely affect our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Operations of the Driftwood Project will be dependent upon our ability to deliver LNG supplies from the U.S., which is primarily dependent upon LNG being a competitive source of energy internationally. The success of our business plan is dependent, in part, on the extent to which LNG can, for significant periods and in significant volumes, be supplied from North America and delivered to international markets at a lower cost than the cost of alternative energy sources. Through the use of improved exploration technologies, additional sources of natural gas may be discovered outside the U.S., which could increase the available supply of natural gas outside the U.S. and could result in natural gas in those markets being available at a lower cost than that of LNG exported to those markets.

Factors which may negatively affect potential demand for LNG from our liquefaction projects are diverse and include, among others:

- increases in worldwide LNG production capacity and availability of LNG for market supply;
- increases in demand for LNG but at levels below those required to maintain current price equilibrium with respect to supply;
- increases in the cost to supply natural gas feedstock to our liquefaction project;
- decreases in the cost of competing sources of natural gas or alternative sources of energy such as coal, heavy fuel oil, diesel, nuclear, hydroelectric, wind and solar;
- decreases in the price of non-U.S. LNG, including decreases in price as a result of contracts indexed to lower oil prices;
- increases in capacity and utilization of nuclear power and related facilities;
- increases in the cost of LNG shipping; and
- displacement of LNG by pipeline natural gas or alternative fuels in locations where access to these energy sources is not currently available.

Political instability in foreign countries that import natural gas, or strained relations between such countries and the U.S., may also impede the willingness or ability of LNG suppliers, purchasers and merchants in such countries to import LNG from the U.S. Furthermore, some foreign purchasers of LNG may have economic or other reasons to obtain their LNG from non-U.S. markets or our competitors' liquefaction facilities in the U.S.

As a result of these and other factors, LNG may not be a competitive source of energy internationally. The failure of LNG to be a competitive supply alternative to local natural gas, oil and other alternative energy sources in markets accessible to our customers could adversely affect the ability of our customers to deliver LNG from the U.S. on a commercial basis. Any significant impediment to the ability to deliver LNG from the U.S. generally, or from the Driftwood Project specifically, could have a material adverse effect on our customers and our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

There may be shortages of LNG vessels worldwide, which could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

The construction and delivery of LNG vessels require significant capital and long construction lead times, and the availability of the vessels could be delayed to the detriment of Tellurian's business and customers due to a variety of factors, including, but not limited to, the following:

- an inadequate number of shipyards constructing LNG vessels and a backlog of orders at these shipyards;
- political or economic disturbances in the countries where the vessels are being constructed;
- changes in governmental regulations or maritime self-regulatory organizations;
- work stoppages or other labor disturbances at the shipyards;
- bankruptcies or other financial crises of shipbuilders;
- quality or engineering problems;
- weather interference or catastrophic events, such as a major earthquake, tsunami, or fire; or
- shortages of or delays in the receipt of necessary construction materials.

Any of these factors could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

We will rely on third-party engineers to estimate the future capacity ratings and performance capabilities of the Driftwood terminal, and these estimates may prove to be inaccurate.

We will rely on third parties for the design and engineering services underlying our estimates of the future capacity ratings and performance capabilities of the Driftwood terminal. Any of our LNG facilities, when constructed, may not have the capacity ratings and performance capabilities that we intend or estimate. Failure of any of our facilities to achieve our intended capacity ratings and performance capabilities could prevent us from achieving the commercial start dates under our current or future LNG sale and purchase agreements and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

The Driftwood Project will be subject to a number of environmental and safety laws and regulations that impose significant compliance costs, and existing and future environmental, safety and similar laws and regulations could result in increased compliance costs, liabilities or additional operating restrictions.

We will be subject to extensive federal, state and local environmental and safety regulations and laws, including regulations and restrictions related to discharges and releases to the air, land and water and the handling, storage, generation and disposal of hazardous materials and solid and hazardous wastes in connection with the development, construction and operation of our LNG facilities and pipelines. Failure to comply with these regulations and laws could result in the imposition of administrative, civil and criminal sanctions.

These regulations and laws, which include the CAA, the Oil Pollution Act, the CWA and RCRA, and analogous state and local laws and regulations, will restrict, prohibit or otherwise regulate the types, quantities and concentration of substances that can be released into the environment in connection with the construction and operation of our facilities. These laws and regulations, including NEPA, will require and have required us to obtain and maintain permits with respect to our facilities, prepare environmental impact assessments, provide governmental authorities with access to our facilities for inspection and provide reports related to compliance. Federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment. Violation of these laws and regulations could lead to substantial liabilities, fines and penalties, the denial or revocation of permits necessary for our operations, governmental orders to shut down our facilities or capital expenditures related to pollution control equipment or remediation measures that could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

As an owner and the operator of the Driftwood Project, we could be liable for the costs of investigating and cleaning up hazardous substances released into the environment and for damage to natural resources, whether caused by us or our contractors or existing at the time construction commences. Hazardous substances present in soil, groundwater and dredge spoils may need to be processed, disposed of or otherwise managed to prevent releases into the environment. Tellurian or its affiliates may be responsible for the investigation, cleanup, monitoring, removal, disposal and other remedial actions with respect to hazardous substances on, in or under properties that Tellurian owns or operates, or released at a site where materials are disposed of from our operations, without regard to fault or the origin of such hazardous substances. Such liabilities may involve material costs that are unknown and not predictable.

Changes in legislation and regulations could have a material adverse impact on Tellurian's business, results of operations, financial condition, liquidity and prospects.

Tellurian's business will be subject to governmental laws, rules, regulations and permits that impose various restrictions and obligations that may have material effects on the results of our operations. Each of the applicable regulatory requirements and limitations is subject to change, either through new regulations enacted on the federal, state or local level, or by new or modified regulations that may be implemented under existing law. The nature and effects of these changes in laws, rules, regulations and permits may be unpredictable and may have material effects on our business. Future legislation and regulations, such as those relating to the transportation and security of LNG exported from our proposed LNG facilities through the Calcasieu Ship Channel, could cause additional expenditures, restrictions and delays in connection with the proposed LNG facilities and their construction, the extent of which cannot be predicted and which may require Tellurian to limit substantially, delay or cease operations in some circumstances. Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating costs and restrictions could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

Our operations will be subject to significant risks and hazards, one or more of which may create significant liabilities and losses that could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

We will face numerous risks in developing and conducting our operations. For example, the plan of operations for the proposed Driftwood Project is subject to the inherent risks associated with LNG, pipeline and upstream operations, including explosions, pollution, leakage or release of toxic substances, fires, hurricanes and other adverse weather conditions, leakage of hydrocarbons, and other hazards, each of which could result in significant delays in commencement or interruptions of operations and/or result in damage to or destruction of the proposed Driftwood Project or damage to persons and property. In addition, operations at the proposed Driftwood Project and vessels or facilities of third parties on which Tellurian's operations are dependent could face possible risks associated with acts of aggression or terrorism.

Hurricanes have damaged coastal and inland areas located in the Gulf Coast area, resulting in disruption and damage to certain LNG terminals located in the area. Future storms and related storm activity and collateral effects, or other disasters such as explosions, fires, floods or accidents, could result in damage to, or interruption of operations at, the Driftwood terminal or related infrastructure, as well as delays or cost increases in the construction and the development of the Driftwood terminal or other facilities. Storms, disasters and accidents could also damage or interrupt the activities of vessels that we or third parties

operate in connection with our LNG business. Changes in the global climate may have significant physical effects, such as increased frequency and severity of storms, floods and rising sea levels. If any such effects were to occur, they could have an adverse effect on our coastal operations.

Our LNG business will face other types of risks and liabilities as well. For instance, our LNG marketing activities will expose us to possible financial losses, including the risk of losses resulting from adverse changes in the index prices upon which contracts for the purchase and sale of LNG cargoes are based. Our LNG marketing activities will also be subject to various domestic and international regulatory and foreign currency risks.

Tellurian does not, nor does it intend to, maintain insurance against all of these risks and losses, and many risks are not insurable. Tellurian may not be able to maintain desired or required insurance in the future at rates that it considers reasonable. The occurrence of a significant event not fully insured or indemnified against could have a material adverse effect on Tellurian's business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Risks Relating to Our Natural Gas and Oil Production Activities

Acquisitions of natural gas and oil properties are subject to the uncertainties of evaluating reserves and potential liabilities, including environmental uncertainties.

We expect to pursue acquisitions of natural gas and oil properties from time to time. Successful acquisitions require an assessment of a number of factors, many of which are beyond our control. These factors include reserves, development potential, future commodity prices, operating costs, title issues, and potential environmental and other liabilities. Such assessments are inexact, and their accuracy is inherently uncertain. In connection with our assessments, we perform due diligence that we believe is generally consistent with industry practices.

However, our due diligence activities are not likely to permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We do not inspect every well prior to an acquisition, and our ability to evaluate undeveloped acreage is inherently imprecise. Even when we inspect a well, we may not always discover structural, subsurface, and environmental problems that may exist or arise. In some cases, our review prior to signing a definitive purchase agreement may be even more limited. In addition, we may acquire acreage without any warranty of title except as to claims made by, through or under the transferor.

When we acquire properties, we will generally have potential exposure to liabilities and costs for environmental and other problems existing on the acquired properties, and these liabilities may exceed our estimates. We may not be entitled to contractual indemnification associated with acquired properties. We may acquire interests in properties on an "as is" basis with limited or no remedies for breaches of representations and warranties.

Therefore, we could incur significant unknown liabilities, including environmental liabilities or losses due to title defects, in connection with acquisitions for which we have limited or no contractual remedies or insurance coverage. In addition, the acquisition of undeveloped acreage is subject to many inherent risks, and we may not be able to realize efficiently, or at all, the assumed or expected economic benefits of acreage that we acquire.

In addition, acquiring additional natural gas and oil properties, or businesses that own or operate such properties, when attractive opportunities arise is a significant component of our strategy, and we may not be able to identify attractive acquisition opportunities. If we do identify an appropriate acquisition candidate, we may be unable to negotiate mutually acceptable terms with the seller, finance the acquisition or obtain the necessary regulatory approvals. It may be difficult to agree on the economic terms of a transaction, as a potential seller may be unwilling to accept a price that we believe to be appropriately reflective of prevailing economic conditions. If we are unable to complete suitable acquisitions, it will be more difficult to pursue our overall strategy.

Natural gas and oil prices fluctuate widely, and lower prices for an extended period of time may have a material adverse effect on the profitability of our natural gas or oil production activities.

The revenues, operating results and profitability of our natural gas or oil production activities will depend significantly on the prices we receive for the natural gas or oil we sell. We will require substantial expenditures to replace reserves, sustain production and fund our business plans. Low natural gas or oil prices can negatively affect the amount of cash available for acquisitions and capital expenditures and our ability to raise additional capital and, as a result, could have a material adverse effect on our revenues, cash flow and reserves. In addition, low natural gas or oil prices may result in write-downs of our natural gas or oil properties, such as the $81.1 million impairment charge we incurred in 2020. Conversely, any substantial or extended increase in the price of natural gas would adversely affect the competitiveness of LNG as a source of energy. See risks discussed above in " — Risks Relating to Our LNG Business — *Failure of exported LNG to be a competitive source of energy for international markets could adversely affect our customers and could materially and adversely affect our business, contracts, financial condition, operating results, cash flow, liquidity and prospects*." Part of our strategy involves adjusting the level of our natural gas development activities based on our judgment as to whether it will be most cost-effective to source

natural gas for the Driftwood terminal from our own production or, instead, from natural gas produced by third parties. In some circumstances, making these adjustments may involve costs. For example, a decrease in our activities may result in the expiration of leases or an increase in costs on a per-unit basis.

Historically, the markets for natural gas and oil have been volatile, and they are likely to continue to be volatile. Wide fluctuations in natural gas or oil prices may result from relatively minor changes in the supply of or demand for natural gas or oil, market uncertainty and other factors that are beyond our control. The volatility of the energy markets makes it extremely difficult to predict future natural gas or oil price movements, and we will be unable to fully hedge our exposure to natural gas or oil prices.

Significant capital expenditures will be required to grow our natural gas or oil production activities in accordance with our plans.

Our planned development and acquisition activities will require substantial capital expenditures. We intend to fund our capital expenditures for our natural gas and oil production activities through cash on hand and financing transactions that may include public or private equity or debt offerings or borrowings under additional debt agreements. We expect to generate only modest cash flows for a significant period of time from our producing properties. Our ability to generate operating cash flow in the future will be subject to a number of risks and variables, such as the level of production from existing wells, the price of natural gas or oil, our success in developing and producing new reserves and the other risk factors discussed in this section. If we are unable to fund our capital expenditures for natural gas or oil production activities as planned, we could experience a curtailment of our development activity and a decline in our natural gas or oil production, and that could affect our ability to pursue our overall strategy.

We have limited control over the activities on properties we do not operate.

Some of the properties in which we have an interest are operated by other companies and involve third-party working interest owners. As a result, we have limited ability to influence or control the operation or future development of such properties, including compliance with environmental, safety and other regulations, or the amount of capital expenditures that we will be required to fund with respect to such properties. Moreover, we are dependent on the other working interest owners of such projects to fund their contractual share of the capital expenditures of such projects. In addition, a third-party operator could also decide to shut-in or curtail production from wells, or plug and abandon marginal wells, on properties owned by that operator during periods of lower natural gas or oil prices. These limitations and our dependence on the operator and third-party working interest owners for these projects could cause us to incur unexpected future costs, reduce our production and materially and adversely affect our financial condition and results of operations.

Drilling and producing operations can be hazardous and may expose us to liabilities.

Natural gas and oil operations are subject to many risks, including well blowouts, explosions, pipe failures, fires, formations with abnormal pressures, uncontrollable flows of oil, natural gas, brine or well fluids, leakages or releases of hydrocarbons, severe weather, natural disasters, groundwater contamination and other environmental hazards and risks. For our non-operated properties, we will be dependent on the operator for regulatory compliance and for the management of these risks.

These risks could materially and adversely affect our revenues and expenses by reducing production from wells, causing wells to be shut in or otherwise negatively impacting our projected economic performance. If any of these risks occurs, we could sustain substantial losses as a result of:

- injury or loss of life;
- severe damage to or destruction of property, natural resources or equipment;
- pollution or other environmental damage;
- facility or equipment malfunctions and equipment failures or accidents;
- clean-up responsibilities;
- regulatory investigations and administrative, civil and criminal penalties; and
- injunctions resulting in limitation or suspension of operations.

Any of these events could expose us to liabilities, monetary penalties or interruptions in our business operations. In addition, certain of these risks are greater for us than for many of our competitors in that some of the natural gas we produce has a high sulphur content (sometimes referred to as “sour” gas), which increases its corrosiveness and the risk of an accidental release of hydrogen sulfide gas, exposure to which can be fatal. We may not maintain insurance against such risks, and some risks are not insurable. Even when we are insured, our insurance may not be adequate to cover casualty losses or liabilities. Also, in the future, we may not be able to obtain insurance at premium levels that justify its purchase. The occurrence of a significant event against which we are not fully insured may expose us to liabilities.

Our drilling efforts may not be profitable or achieve our targeted returns and our reserve estimates are based on assumptions that may not be accurate.

Drilling for natural gas and oil may involve unprofitable efforts from wells that are either unproductive or productive but do not produce sufficient commercial quantities to cover drilling, operating and other costs. In addition, even a commercial well may have production that is less, or costs that are greater, than we projected. The cost of drilling, completing and operating a well is often uncertain, and many factors can adversely affect the economics of a well or property. Drilling operations may be curtailed, delayed or canceled as a result of unexpected drilling conditions, equipment failures or accidents, shortages of equipment or personnel, environmental issues and for other reasons. Natural gas and oil reserve engineering requires estimates of underground accumulations of hydrocarbons and assumptions concerning future prices, production levels and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may be incorrect. Our estimates of proved reserves are determined based in part on costs at the date of the estimate. Any significant variance from these costs could greatly affect our estimates of reserves. At December 31, 2020, approximately 73% of our estimated proved reserves (by volume) were undeveloped. These reserve estimates reflected our plans to make significant capital expenditures to convert our PUDs into proved developed reserves. The estimated development costs may not be accurate, development may not occur as scheduled and results may not be as estimated. If we choose not to develop PUDs, or if we are not otherwise able to successfully develop them, we will be required to remove the associated volumes from our reported proved reserves. In addition, under the SEC's reserve reporting rules, PUDs generally may be booked only if they relate to wells scheduled to be drilled within five years of the date of booking, and we may therefore be required to downgrade to probable or possible any PUDs that are not developed within this five-year time frame.

Our production activities are subject to complex laws and regulations relating to environmental protection that can adversely affect the cost, manner and feasibility of doing business, and further regulation in the future could increase costs, impose additional operating restrictions and cause delays.

Our natural gas production activities and properties are (and to the extent that we acquire oil producing properties, these properties will be) subject to numerous federal, regional, state and local laws and regulations governing the release of pollutants or otherwise relating to environmental protection. These laws and regulations govern the following, among other things:

- conduct of drilling, completion, production and midstream activities;
- amounts and types of emissions and discharges;
- generation, management, and disposal of hazardous substances and waste materials;
- reclamation and abandonment of wells and facility sites; and
- remediation of contaminated sites.

In addition, these laws and regulations may result in substantial liabilities for our failure to comply or for any contamination resulting from our operations, including the assessment of administrative, civil and criminal penalties; the imposition of investigatory, remedial, and corrective action obligations or the incurrence of capital expenditures; the occurrence of delays in the development of projects; and the issuance of injunctions restricting or prohibiting some or all of our activities in a particular area.

Environmental laws and regulations change frequently, and these changes are difficult to predict or anticipate. Future environmental laws and regulations imposing further restrictions on the emission of pollutants into the air, discharges into state or U.S. waters, wastewater disposal and hydraulic fracturing, or the designation of previously unprotected species as threatened or endangered in areas where we operate, may negatively impact our natural gas or oil production. We cannot predict the actions that future regulation will require or prohibit, but our business and operations could be subject to increased operating and compliance costs if certain regulatory proposals are adopted. In addition, such regulations may have an adverse impact on our ability to develop and produce our reserves.

Federal, state or local legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Laws or regulations that could impose more stringent permitting, public disclosure and/or well construction requirements on hydraulic fracturing operations are proposed from time to time at the federal, state and local levels. There are also certain governmental reviews either underway or being proposed that focus on deep shale and other formation completion and production practices, including hydraulic fracturing. These studies assess, among other things, the risks of groundwater contamination and earthquakes caused by hydraulic fracturing and other exploration and production activities. Depending on the outcome of these studies, federal and state legislatures and agencies may seek to further regulate or even ban such activities, as some state and local governments have already done. We cannot predict whether additional federal, state or local laws or regulations applicable to hydraulic fracturing will be enacted in the future and, if so, what actions any such laws or regulations

would require or prohibit. If additional levels of regulation or permitting requirements were imposed on hydraulic fracturing operations, our business and operations could be subject to delays, increased operating and compliance costs and process prohibitions. Among other things, this could adversely affect the cost to produce natural gas, either by us or by third-party suppliers, and therefore LNG, and this could adversely affect the competitiveness of LNG relative to other sources of energy.

We expect to drill the locations we acquire over a multi-year period, making them susceptible to uncertainties that could materially alter the occurrence or timing of drilling.

Our management team has identified certain well locations on our natural gas properties. Our ability to drill and develop these locations depends on a number of uncertainties, including natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, gathering system and pipeline transportation constraints, access to and availability of water sourcing and distribution systems, regulatory approvals and other factors. Because of these factors, we do not know if the well locations we have identified will ever be drilled or if we will be able to produce natural gas from these or any other potential locations.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and services could adversely affect our ability to execute our development plans within budgeted amounts and on a timely basis.

The demand for qualified and experienced field and technical personnel to conduct our operations can fluctuate significantly, often in correlation with hydrocarbon prices. The price of services and equipment may increase in the future and availability may decrease.

In addition, it is possible that oil prices could increase without a corresponding increase in natural gas prices, which could lead to increased demand and prices for equipment, facilities and personnel without an increase in the price at which we sell our natural gas to third parties. This could have an adverse effect on the competitiveness of the LNG produced from the Driftwood terminal. In this scenario, necessary equipment, facilities and services may not be available to us at economical prices. Any shortages in availability or increased costs could delay us or cause us to incur significant additional expenditures, which could have a material adverse effect on the competitiveness of the natural gas we sell and therefore on our business, financial condition and results of operations.

Our natural gas and oil production may be adversely affected by pipeline and gathering system capacity constraints.

Our natural gas and oil production activities will rely on third parties to meet our needs for midstream infrastructure and services. Capital constraints could limit the construction of new infrastructure by third parties. We may experience delays in producing and selling natural gas or oil from time to time when adequate midstream infrastructure and services are not available. Such an event could reduce our production or result in other adverse effects on our business.

Risks Relating to Our Business in General

We are pursuing a strategy of participating in multiple aspects of the natural gas business, which exposes us to risks.

We plan to develop, own and operate a global natural gas business and to deliver natural gas to customers worldwide. We may not be successful in executing our strategy in the near future, or at all. Our management will be required to understand and manage a diverse set of business opportunities, which may distract their focus and make it difficult to be successful in increasing value for shareholders. The legal structure we have proposed for capitalizing the Driftwood Project may make it less attractive to some potential customers and partners. For example, some participants in the LNG market may prefer to acquire LNG on the spot market or through long-term supply contracts rather than through a partnership investment in the Driftwood Project.

Tellurian will be subject to risks related to doing business in, and having counterparties based in, foreign countries.

Tellurian may engage in operations or make substantial commitments and investments, or enter into agreements with counterparties, located outside the U.S., which would expose Tellurian to political, governmental, and economic instability and foreign currency exchange rate fluctuations.

Any disruption caused by these factors could harm Tellurian's business, results of operations, financial condition, liquidity and prospects. Risks associated with operations, commitments and investments outside of the U.S. include but are not limited to risks of:

- currency fluctuations;
- war or terrorist attack;
- expropriation or nationalization of assets;
- renegotiation or nullification of existing contracts;
- changing political conditions;

- changing laws and policies affecting trade, taxation, and investment;
- multiple taxation due to different tax structures;
- general hazards associated with the assertion of sovereignty over areas in which operations are conducted; and
- the unexpected credit rating downgrade of countries in which Tellurian's LNG customers are based.

Because Tellurian's reporting currency is the U.S. dollar, any of the operations conducted outside the U.S. or denominated in foreign currencies would face additional risks of fluctuating currency values and exchange rates, hard currency shortages and controls on currency exchange. In addition, Tellurian would be subject to the impact of foreign currency fluctuations and exchange rate changes on its financial reports when translating the value of its assets, liabilities, revenues and expenses from operations outside of the U.S. into U.S. dollars at then-applicable exchange rates. These translations could result in changes to the results of operations from period to period.

Potential legislative and regulatory actions addressing climate change, and the physical effects of climate change, could significantly impact us.

Various state governments and regional organizations have considered enacting new legislation and promulgating new regulations governing or restricting the emission of GHGs, including GHG emissions from stationary sources such as oil and natural gas production equipment and facilities. At the federal level, the EPA has already made findings and issued regulations that will require us to establish and report an inventory of GHG emissions. Additional legislative and/or regulatory proposals for restricting GHG emissions or otherwise addressing climate change could require us to incur additional operating costs. The potential increase in our operating costs could include new or increased costs to obtain permits, operate and maintain our equipment and facilities, install new emission controls on our equipment and facilities, acquire allowances to authorize our GHG emissions, pay taxes related to our GHG emissions and administer and manage a GHG emissions program. Even without federal legislation or regulation of GHG emissions, states may impose these requirements either directly or indirectly.

Some scientists have concluded that increasing concentrations of GHGs in the earth's atmosphere may produce climate changes that have significant physical effects, such as higher sea levels, increased frequency and severity of storms, droughts, floods, and other climatic events. If any such effects were to occur, they could adversely affect our facilities and operations, and have an adverse effect on our financial condition and results of operations. Further, adverse weather events may accelerate changes in law and regulations aimed at reducing GHG emissions, which could result in declining demand for natural gas and LNG, and could adversely affect our business generally.

A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage.

Tellurian will be subject to extensive federal, state and local health and safety regulations and laws. Health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance may result in personal harm or injury, penalties for non-compliance with relevant laws and regulations or litigation, and a failure that results in a significant health and safety incident is likely to be costly in terms of potential liabilities. Such a failure could generate public concern and have a corresponding impact on our reputation and our relationships with relevant regulatory agencies and local communities, which in turn could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

A terrorist attack or military incident could result in delays in, or cancellation of, construction or closure of our facilities or other disruption to our business.

A terrorist or military incident could disrupt our business. For example, an incident involving an LNG carrier or LNG facility may result in delays in, or cancellation of, construction of new LNG facilities, including our proposed LNG facilities, which would increase our costs and decrease our cash flows. A terrorist incident may also result in the temporary or permanent closure of Tellurian facilities or operations, which could increase costs and decrease cash flows, depending on the duration of the closure. Our operations could also become subject to increased governmental scrutiny that may result in additional security measures at a significant incremental cost. In addition, the threat of terrorism and the impact of military campaigns may lead to continued volatility in prices for natural gas or oil that could adversely affect Tellurian's business and customers, including by impairing the ability of Tellurian's suppliers or customers to satisfy their respective obligations under Tellurian's commercial agreements.

Cyber-attacks targeting systems and infrastructure used in our business may adversely impact our operations.

We depend on digital technology in many aspects of our business, including the processing and recording of financial and operating data, analysis of information, and communications with our employees and third parties. Cyber-attacks on our systems and those of third-party vendors and other counterparties occur frequently and have grown in sophistication. A successful cyber-attack on us or a vendor or other counterparty could have a variety of adverse consequences, including theft of

proprietary or commercially sensitive information, data corruption, interruption in communications, disruptions to our existing or planned activities or transactions, and damage to third parties, any of which could have a material adverse impact on us. Further, as cyber-attacks continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber-attacks.

Failure to retain and attract key personnel such as Tellurian's Executive Chairman, Vice Chairman or other skilled professional and technical employees could have an adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

The success of Tellurian's business relies heavily on key personnel such as its Executive Chairman and Vice Chairman. Should such persons be unable to perform their duties on behalf of Tellurian, or should Tellurian be unable to retain or attract other members of management, Tellurian's business, results of operations, financial condition, liquidity and prospects could be materially impacted.

Additionally, we are dependent upon an available labor pool of skilled employees. We will compete with other energy companies and other employers to attract and retain qualified personnel with the technical skills and experience required to construct and operate our facilities and to provide our customers with the highest quality service. A shortage of skilled workers or other general inflationary pressures or changes in applicable laws and regulations could make it more difficult for us to attract and retain qualified personnel and could require an increase in the wage and benefits packages that we offer, or increases in the amounts we are obligated to pay our contractors, thereby increasing our operating costs. Any increase in our operating costs could materially and adversely affect our business, financial condition, operating results, liquidity and prospects.

Competition is intense in the energy industry and some of Tellurian's competitors have greater financial, technological and other resources.

Tellurian plans to operate in various aspects of the natural gas and oil business and will face intense competition in each area. Depending on the area of operations, competition may come from independent, technology-driven companies, large, established companies and others.

For example, many competing companies have secured access to, or are pursuing development or acquisition of, LNG facilities to serve the North American natural gas market, including other proposed liquefaction facilities in North America. Tellurian may face competition from major energy companies and others in pursuing its proposed business strategy to provide liquefaction and export products and services at its proposed Driftwood terminal. In addition, competitors have developed and are developing additional LNG terminals in other markets, which will also compete with our proposed LNG facilities.

As another example, our business will face competition in, among other things, buying and selling reserves and leases and obtaining goods and services needed to operate properties and market natural gas and oil. Competitors include multinational oil companies, independent production companies and individual producers and operators.

Many of our competitors have longer operating histories, greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than Tellurian currently possesses. The superior resources that some of these competitors have available for deployment could allow them to compete successfully against Tellurian, which could have a material adverse effect on Tellurian's business, results of operations, financial condition, liquidity and prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURE

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders and Dividends

Our common stock trades on the Nasdaq under the symbol "TELL." As of February 9, 2021, there were approximately 748 record holders of Tellurian's common stock. The Company does not intend to pay cash dividends on its common stock in the foreseeable future.

Recent Sales of Unregistered Securities

None that occurred during the three months ended December 31, 2020.

Use of Proceeds from Registered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None that occurred during the three months ended December 31, 2020.

ITEM 6. SELECTED FINANCIAL DATA

None.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion and analysis presents management's view of our business, financial condition and overall performance and should be read in conjunction with our Consolidated Financial Statements and the accompanying notes. This information is intended to provide investors with an understanding of our past development activities, current financial condition and outlook for the future organized as follows:

- Our Business
- Overview of Significant Events
- Liquidity and Capital Resources
- Capital Development Activities
- Results of Operations
- Commitments and Contingencies
- Summary of Critical Accounting Estimates
- Recent Accounting Standards

Our Business

Tellurian Inc. ("Tellurian," "we," "us," "our," or the "Company") intends to create value for shareholders by building a low-cost, global natural gas business, profitably delivering natural gas to customers worldwide (the "Business"). We are developing a portfolio of natural gas production, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the "Driftwood terminal") and related pipelines (the "Pipeline Network"). We refer to the Driftwood terminal, the Pipeline Network and required natural gas production assets collectively as the "Driftwood Project." Our existing natural gas production assets consist of 9,373 net acres and interests in 72 producing wells located in the Haynesville Shale trend of northern Louisiana. Our Business may be developed in phases.

In connection with the implementation of our Business, we are offering partnership interests in the Driftwood Project. Partners will contribute cash in exchange for equity in the Driftwood Project and will receive LNG volumes at the cost of production, including the cost of debt, for the life of the Driftwood terminal. We plan to retain a portion of the ownership in the Driftwood Project and have engaged Goldman Sachs & Co. and Société Générale to serve as financial advisors.

We continue to evaluate, and discuss with potential partners, the scope and other aspects of the Driftwood Project in light of the evolving economic environment, needs of potential partners and other factors. Whether we implement changes to the project will be based on a variety of factors, including the results of our continuing analysis, changing business conditions and investor feedback.

Overview of Significant Events

2019 Term Loan

On May 23, 2019, Driftwood Holdings LP, a Delaware limited partnership and an indirect wholly owned subsidiary of Tellurian Inc. ("Driftwood Holdings"), entered into a senior secured term loan agreement (the "2019 Term Loan") to borrow an aggregate principal amount of $60.0 million, an amount that was subsequently increased to $75.0 million. In conjunction with the 2019 Term Loan, we issued to the lender a warrant to purchase approximately 1.5 million shares of our common stock at $10.00 per share. During 2020, we entered into several amendments to the 2019 Term Loan and, in connection with those amendments, we issued to the lender a total of approximately 9.3 million shares of our common stock to retire $15.0 million of

principal amount of the loan, repaid $19.1 million of principal amount of the loan in cash, replaced the original warrant with a warrant to purchase 9.0 million shares of our common stock at $1.00 per share and issued to the lender a new warrant to purchase 4.7 million shares of our common stock at $1.542 per share.

As amended, (i) the maturity date of the 2019 Term Loan is March 23, 2022, (ii) amounts borrowed bear interest at 16%, with an option on our part to defer 8% per annum as paid-in-kind, (iii) interest payments are made on a monthly basis, and (iv) we are required to maintain a month-end cash balance of at least $12.0 million. Following exercises of the warrants by the lender and reductions in the number of shares purchasable under the warrants resulting from partial repayments of amounts due under the 2019 Term Loan, the warrants give the lender the right, as of February 9, 2021, to purchase approximately 3.5 million shares of our common stock for $1.00 and approximately 0.2 million shares of our common stock for $1.542.

2020 Unsecured Note

On April 29, 2020, we issued a zero coupon $56.0 million senior unsecured note (the "2020 Unsecured Note") to a third party, raising proceeds of approximately $47.4 million, net of approximately $2.6 million in fees and $6.0 million in original issue discount. We also issued to the lender a warrant to purchase 20.0 million shares of our common stock at a strike price of $1.542 per share. The 2020 Unsecured Note is subject to certain cash sweep provisions, and a portion of the 2020 Unsecured Note must be paid on the first day of every month, beginning on June 1, 2020. Due to the amount of proceeds generated from the sale of our common stock under our at-the-market program in June 2020, as well as the equity offering completed on July 24, 2020, these cash sweep provisions were triggered on July 1, 2020 and August 3, 2020, requiring us to make a total of $8.0 million in additional repayments of the outstanding principal balance. As a result of these additional repayments, the final payment associated with the 2020 Unsecured Note is scheduled to occur on April 1, 2021 instead of June 1, 2021 as originally scheduled.

Equity Offering

On July 24, 2020, we completed a registered direct offering pursuant to which we sold an aggregate of 35.0 million shares of our common stock at an offering price of $1.00 per share. Net proceeds from the transaction were approximately $32.8 million.

LNG Marketing

In July 2020, we purchased the first cargo of LNG pursuant to the master LNG sale and purchase agreement entered into on April 23, 2019. This cargo was subsequently sold to an unrelated third party resulting in revenue of approximately $7.0 million.

Restructuring

In March 2020, we implemented a cost reduction and reorganization plan due to the sharp decline in oil and natural gas prices as well as the growing negative economic effects of the COVID-19 pandemic. We incurred approximately $6.4 million of severance and reorganization charges due to the reduction in workforce. We have satisfied all amounts owed to former employees.

Employee Retention Plan

In July 2020, the Company's Board of Directors approved an employee retention incentive plan (the "Employee Retention Plan") aggregating $12.0 million. The Employee Retention Plan vests in four equal installments upon the attainment of a ten-day average closing price of the Company's common stock above $2.25, $3.25, $4.25 and $5.25 (the "Stock Performance Targets"). Subject to continued employment, the Employee Retention Plan's awards are payable over a period of twelve months commencing with the later of (i) the first month following the month in which the applicable Stock Performance Target is attained, and (ii) June 2021. The Employee Retention Plan will expire if the Stock Performance Targets are not attained by March 31, 2022.

Liquidity and Capital Resources

Capital Resources

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. We are currently funding our operations, development activities and general working capital needs through our cash on hand. Our current capital resources consist of approximately $78.3 million of cash and cash equivalents as of December 31, 2020 on a consolidated basis, of which approximately $47.0 million is maintained at a wholly owned subsidiary of Tellurian Production Holdings LLC. We currently maintain an at-the-market equity offering program under which, as of the date of this filing, we have remaining availability to raise aggregate gross sales proceeds of approximately $274.9 million. Since January 1, 2021, and through February 9, 2021, we have sold approximately 25.6 million shares of common stock under our at-the-market program for total proceeds of approximately $57.2 million, net of approximately $1.8 million in fees and commissions.

As of December 31, 2020, we had total indebtedness of approximately $111.1 million, of which approximately $72.8 million is scheduled to be repaid within the next twelve months. We also had contractual obligations associated with our finance and operating leases totaling $108.6 million, of which $4.8 million is scheduled to be paid within the next twelve months. Since January 1, 2021, we have repaid approximately $56.6 million in principal associated with our indebtedness.

We are planning to generate proceeds from our at-the-market program and have determined that it is probable that such proceeds will satisfy our obligations and fund our working capital needs for at least twelve months following the issuance of the financial statements. We also continue to evaluate generating additional proceeds from various other potential financing transactions, such as issuances of equity, equity-linked and debt securities or similar transactions to fund our obligations and working capital needs.

Sources and Uses of Cash

The following table summarizes the sources and uses of our cash and cash equivalents and costs and expenses for the periods presented (in thousands):

	Year Ended December 31,	
	2020	**2019**
Cash used in operating activities	$ (69,965)	$ (113,008)
Cash used in investing activities	(1,307)	(65,943)
Cash provided by financing activities	84,527	63,844
Net increase (decrease) in cash, cash equivalents and restricted cash	13,255	(115,107)
Cash, cash equivalents and restricted cash, beginning of the period	68,482	183,589
Cash, cash equivalents and restricted cash, end of the period	$ 81,737	$ 68,482
Net working capital	$ (34,403)	$ (50,344)

Cash used in operating activities for the year ended December 31, 2020 decreased by approximately $43.0 million compared to the same period in 2019 due to an overall decrease in disbursements in the normal course of business.

Cash used in investing activities for the year ended December 31, 2020 decreased by approximately $64.6 million compared to the same period in 2019. This decrease is predominantly driven by decreased natural gas development activities.

Cash provided by financing activities for the year ended December 31, 2020 increased by approximately $20.7 million compared to the same period in 2019. This increase primarily relates to common stock issuances that raised net proceeds of approximately $99.7 million offset by approximately $60.1 million in principal repayments of our indebtedness and by an overall decrease in borrowings of approximately $25.0 million. See Note 9, *Borrowings*, and Note 11, *Stockholders' Equity*, of our Notes to Consolidated Financial Statements for further information.

Capital Development Activities

The activities we have proposed will require significant amounts of capital and are subject to risks and delays in completion. We have received all regulatory approvals and, as a result, our business success will depend to a significant extent upon our ability to obtain the funding necessary to construct assets on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process.

We currently estimate the total cost of the Driftwood Project to be approximately $28.9 billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction of the Driftwood terminal and other financing costs. We have entered into four LSTK EPC agreements currently totaling $15.5 billion, or $561 per tonne, with Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") for construction of the Driftwood terminal. The proposed Driftwood terminal will have a liquefaction capacity of up to approximately 27.6 Mtpa and will be situated on approximately 1,000 acres in Calcasieu Parish, Louisiana. The proposed Driftwood terminal will include up to 20 liquefaction Trains, three full containment LNG storage tanks and three marine berths.

In addition, part of our strategy involves acquiring additional natural gas properties, including properties in the Haynesville shale trend. We intend to pursue potential acquisitions of such assets, or public or private companies that own such assets, in 2021. We would expect to use stock, cash on hand, or cash raised in financing transactions to complete an acquisition of this type.

We anticipate funding our more immediate liquidity requirements relative to the detailed engineering work and other developmental costs, natural gas development costs, and general and administrative costs through the use of cash on hand, proceeds from operations, and proceeds from completed and future issuances of securities by us. Consistent with our overall financing strategy, the Company has considered, and in some cases discussed with investors, various potential financing transactions, including issuances of debt, equity and equity-linked securities or similar transactions, to support its short- and medium-term capital requirements. The Company will continue to evaluate its cash needs and business outlook, and it may execute one or more transactions of this type in the future.

We currently expect that our long-term capital requirements will be financed by proceeds from future debt, equity and/or equity-linked transactions. In addition, part of our financing strategy is expected to involve seeking equity investments by LNG customers at a subsidiary level.

Results of Operations

The following table summarizes costs and expenses for the periods presented (in thousands):

	Year Ended December 31,		
	2020	**2019**	**2018**
Total revenue	$ 37,434	$ 28,774	$ 10,286
Cost of sales	17,223	7,071	6,115
Development expenses	27,492	59,629	44,034
Depreciation, depletion and amortization	17,228	20,446	1,567
General and administrative expenses	47,349	87,487	81,777
Impairment charge and loss on transfer of assets	81,065	—	4,513
Severance and reorganization charges	6,359	—	—
Related party charges	7,357	—	—
Loss from operations	(166,639)	(145,859)	(127,720)
Interest income (expense), net	(43,445)	(16,355)	1,574
Other income, net	(612)	10,447	211
Income tax benefit (provision)	—	—	190
Net loss	$ (210,696)	$ (151,767)	$ (125,745)

Our consolidated net loss was approximately $210.7 million for the year ended December 31, 2020, compared to a net loss of approximately $151.8 million for the same period of 2019. This $58.9 million increase in net loss was primarily a result of the following:

- Approximately $81.1 million related to an impairment charge of our proved natural gas properties primarily due to depressed natural gas prices caused by the combined impact of increased production and falling demand brought about by current economic conditions. For further information regarding this impairment charge, see Note 3, *Property, Plant and Equipment*, of our Notes to Consolidated Financial Statements.
- Increase of approximately $27.1 million in interest expense, net, which is primarily attributable to both the 2019 Term Loan and 2020 Unsecured Note incurring interest charges during the current period compared to only a portion of the 2019 Term Loan incurring charges during the prior period.
- Increase of approximately $10.2 million in cost of sales primarily attributable to the sale of an LNG cargo.
- Approximately $7.4 million in related party charges incurred during the current period compared to zero in the prior period. For further information regarding these related party charges, see Note 7, *Related Party Transactions*, of our Notes to Consolidated Financial Statements.
- Approximately $6.4 million in severance and reorganization charges incurred during the period compared to zero in the prior period. For further information regarding the severance and reorganization charges, see Note 12, *Severance and Reorganization*, of our Notes to Consolidated Financial Statements.

The above increases in expenses were partially offset by an increase in total revenue of approximately $8.7 million due primarily to the sale of an LNG cargo and a decrease in general and administrative expenses of approximately $40.1 million as well as a decrease in development expenses of approximately $32.1 million due to an overall decline in business activities during the current period.

A discussion of variances between 2019 and 2018 can be found in the "Results of Operations" section on pages 39 through 40 of the Company's 2019 Annual Report on Form 10-K filed with the SEC on February 24, 2020.

Commitments and Contingencies

The information set forth in Note 10, *Commitments and Contingencies*, to the accompanying Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K is incorporated herein by reference.

Summary of Critical Accounting Estimates

Our accounting policies are more fully described in Note 1, *Basis of Presentation and Summary of Significant Accounting Policies*, of our Notes to Consolidated Financial Statements included in this report. As disclosed in Note 1, the preparation of financial statements requires the use of judgments and estimates. We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. We identified our most critical accounting estimates to be:

- valuations of long-lived assets; and
- share-based compensation.

We believe that the following discussion addresses our critical accounting policies, which are those that require our most difficult, subjective or complex judgments about future events and related estimations that are fundamental to our results of operations.

Valuation of Long-Lived Assets

When there are indicators that our proved natural gas properties carrying value may not be recoverable, we compare expected undiscounted future cash flows at a depreciation, depletion and amortization group level to the unamortized capitalized cost of the asset. If the expected undiscounted future cash flows, based on our estimates of (and assumptions regarding) future natural gas prices, operating costs, development expenditures, anticipated production from proved reserves and other relevant data, are lower than the unamortized capitalized cost, the capitalized cost is reduced to fair value. Fair value is generally calculated using the income approach in accordance with GAAP. Estimates of undiscounted future cash flows require significant judgment, and the assumptions used in preparing such estimates are inherently uncertain. The impairment review includes cash flows from proved developed and undeveloped reserves, including any development expenditures necessary to achieve that production. Additionally, when probable and possible reserves exist, an appropriate risk-adjusted amount of these reserves may be included in the impairment calculation. In addition, such assumptions and estimates are reasonably likely to change in the future.

Proved reserves are the estimated quantities of natural gas and condensate that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Despite the inherent imprecision in these engineering estimates, our reserves are used throughout our financial statements. For example, because we use the units-of-production method to deplete our natural gas properties, the quantity of reserves could significantly impact our DD&A expense. Consequently, material revisions (upward or downward) to existing reserve estimates may occur from time to time. Finally, these reserves are the basis for our supplemental natural gas disclosures. See Item 1 and 2 — Our Business and Properties for additional information on our estimate of proved reserves.

Share-Based Compensation

Share-based compensation transactions are measured based on the grant-date estimated fair value. For awards containing only service conditions or performance conditions deemed probable of occurring, the fair value is recognized as expense over the requisite service period using the straight-line method. We recognize compensation cost for awards with performance conditions if and when we conclude that it is probable that the performance condition will be achieved. For awards where the performance or market condition is not considered probable, compensation cost is not recognized until the performance or market condition becomes probable. We reassess the probability of vesting at each reporting period for awards with performance conditions and adjust compensation cost based on our probability assessment. We recognize forfeitures as they occur.

Recent Accounting Standards

We do not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on our Consolidated Financial Statements or related disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not believe that we hold, or are party to, instruments that are subject to market risks that are material to our business.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS
TELLURIAN INC.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the Company's Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Tellurian Inc.'s internal control over financial reporting was effective as of December 31, 2020.

/s/ Octávio M.C. Simões	/s/ L. Kian Granmayeh	/s/ Khaled A. Sharafeldin
Octávio M.C. Simões	L. Kian Granmayeh	Khaled A. Sharafeldin
President and Chief Executive Officer (as Principal Executive Officer)	*Chief Financial Officer (as Principal Financial Officer)*	*Chief Accounting Officer (as Principal Accounting Officer)*

Houston, Texas
February 24, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Tellurian Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tellurian Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders' equity and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the schedule listed in the Index at Item 8 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Proved Natural Gas Properties and Depletion – Natural Gas Reserves – Refer to Note 1 and 3 to the financial statements

Critical Audit Matter Description

The Company's proved natural gas properties are depleted using the successful efforts method and are evaluated for impairment by comparison to the future cash flows of the underlying natural gas reserves. The development of the Company's natural gas reserve quantities and the related future cash flows requires management to make significant estimates and assumptions related to future natural gas prices and the discount rate used when there is a fair value measurement for impairment. The Company engages an independent reservoir engineer, management's specialist, to estimate natural gas quantities using generally accepted methods, calculation procedures and engineering data. Changes in these assumptions or engineering data could have a significant impact on the amount of depletion and any proved natural gas impairment. Proved natural gas properties were $24.6 million as of December 31, 2020, and depletion expense was $16.6 million for the year then ended. Impairment expense of $81.1 million was recognized during the twelve-month period ended December 31, 2020.

Given the significant judgments made by management and management's specialist, performing audit procedures to evaluate the Company's natural gas reserve quantities and the related net cash flows including management's estimates and assumptions related to future natural gas prices and the discount rate used when there is a fair value measurement for impairment requires a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's significant judgments and assumptions related to crude oil and condensate, NGLs, and natural gas reserves included the following, among others:

With the assistance of our fair value specialists, we evaluated the reasonableness of natural gas prices by comparing such amounts to:

- Forward published natural gas pricing indexes.
    - Third party industry sources.
    - Historical realized natural gas prices.
    - Historical realized natural gas price differentials.
- With the assistance of our fair value specialists, we assessed management's estimated discount rate by understanding the methodology used by management for determining its discount rate and comparing assumptions and estimates to publicly traded debt and equity securities and published indices and third-party sources.
- We evaluated the experience, qualifications and objectivity of management's specialist, an independent reservoir engineering firm, including the methodologies and calculation procedures used to estimate natural gas reserves and performing analytical procedures on the reserve quantities.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 24, 2021

We have served as the Company's auditor since 2016.

TELLURIAN INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31,	
	2020	**2019**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 78,297	$ 64,615
Accounts receivable	4,500	5,006
Accounts receivable due from related parties	—	1,316
Prepaid expenses and other current assets	2,105	11,298
Total current assets	84,902	82,235
Property, plant and equipment, net	61,257	153,040
Deferred engineering costs	110,499	106,425
Non-current restricted cash	3,440	3,867
Other non-current assets	32,897	36,755
Total assets	$ 292,995	$ 382,322
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 23,573	$ 21,048
Accounts payable due to related parties (Note 7)	910	—
Accrued and other liabilities	22,003	33,003
Borrowings	72,819	78,528
Total current liabilities	119,305	132,579
Long-term liabilities:		
Borrowings	38,275	58,121
Other non-current liabilities	26,325	25,337
Total long-term liabilities	64,600	83,458
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 100,000,000 authorized: 6,123,782 and 6,123,782 shares outstanding, respectively	61	61
Common stock, $0.01 par value, 800,000,000 and 400,000,000 authorized: 354,315,739 and 242,207,522 shares outstanding, respectively	3,309	2,211
Additional paid-in capital	922,042	769,639
Accumulated deficit	(816,322)	(605,626)
Total stockholders' equity	109,090	166,285
Total liabilities and stockholders' equity	$ 292,995	$ 382,322

The accompanying notes are an integral part of these consolidated financial statements.

TELLURIAN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2020	**2019**	**2018**
Revenues:			
Natural gas sales	$ 30,441	$ 28,774	$ 4,423
LNG sales	6,993	—	2,689
Other LNG revenue	—	—	3,174
Total revenue	37,434	28,774	10,286
Operating costs and expenses:			
Cost of sales	17,223	7,071	6,115
Development expenses	27,492	59,629	44,034
Depreciation, depletion and amortization	17,228	20,446	1,567
General and administrative expenses	47,349	87,487	81,777
Impairment charges	81,065	—	4,513
Severance and reorganization charges	6,359	—	—
Related party charges (Note 7)	7,357	—	—
Total operating costs and expenses	204,073	174,633	138,006
Loss from operations	(166,639)	(145,859)	(127,720)
Interest (expense) income, net	(43,445)	(16,355)	1,574
Other (expense) income, net	(612)	10,447	211
Loss before income taxes	(210,696)	(151,767)	(125,935)
Income tax benefit (provision)	—	—	190
Net loss	$ (210,696)	$ (151,767)	$ (125,745)
Net loss per common share:			
Basic and diluted	$ (0.79)	$ (0.69)	$ (0.59)
Weighted average shares outstanding:			
Basic and diluted	267,615	218,548	211,574

The accompanying notes are an integral part of these consolidated financial statements.

TELLURIAN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
Total shareholders' equity, beginning balance	$ 166,285	$ 297,934	$ 223,887
Preferred stock	61	61	61
Common stock:			
Beginning balance	2,211	2,195	2,043
Common stock issuance	808	—	135
Share-based compensation, net[1]	55	15	17
Severance and reorganization charges	22	—	—
Shared-based payments	—	1	—
Settlement of Final Payment Fee (Note 9)	110	—	—
Borrowings principal repayment (Note 9)	93	—	—
Warrants exercised	10	—	—
Ending balance	3,309	2,211	2,195
Additional paid-in capital:			
Beginning balance	769,639	749,537	549,958
Common stock issuance	98,867	—	129,575
Issuance of Series C preferred stock	—	—	49,905
Share-based compensation, net[1]	8,589	15,934	20,099
Severance and reorganization charges	2,667	—	—
Share-based payments	561	868	—
Settlement of Final Payment Fee (Note 9)	9,036	—	—
Warrants issued in connection with Borrowings (Note 11)	17,998	3,300	—
Borrowings principal repayment (Note 9)	13,695	—	—
Warrants exercised	990	—	—
Ending balance	922,042	769,639	749,537
Accumulated deficit:			
Beginning balance	(605,626)	(453,859)	(328,114)
Net loss	(210,696)	(151,767)	(125,745)
Ending balance	(816,322)	(605,626)	(453,859)
Total shareholders' equity, ending balance	$ 109,090	$ 166,285	$ 297,934

[1] Includes settlement of 2019, 2018 and 2017 bonuses that were accrued for in 2019, 2018 and 2017, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

TELLURIAN INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net loss	$ (210,696)	$ (151,767)	$ (125,745)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, depletion and amortization	17,228	20,446	1,567
Amortization of debt issuance costs, discounts and fees	28,741	10,148	267
Share-based compensation	2,699	4,238	5,126
Severance and reorganization charges	2,689	—	—
Share-based payments	562	869	—
Interest elected to be paid-in-kind	3,317	—	—
Impairment charge and loss on transfer of assets	81,065	—	4,513
Gain on sale of assets	—	(4,218)	—
Unrealized loss (gain) on financial instruments not designated as hedges	2,618	(3,443)	—
Other	3,378	(459)	—
Net changes in working capital (Note 16)	(1,566)	11,178	10,520
Net cash used in operating activities	(69,965)	(113,008)	(103,752)
Cash flows from investing activities:			
Acquisition and development of natural gas properties	(1,307)	(45,354)	(8,356)
Acquisition of engineering services	—	(25,997)	(10,000)
Proceeds from sale of assets	—	8,140	167
Purchase of property and equipment	—	(2,732)	(3,498)
Net cash used in investing activities	(1,307)	(65,943)	(21,687)
Cash flows from financing activities:			
Proceeds from common stock issuances	103,664	—	133,800
Equity issuance costs	(3,989)	—	(4,090)
Proceeds from borrowings	50,000	75,000	59,400
Borrowings issuance costs	(2,612)	(2,246)	(2,621)
Borrowings principal repayments	(60,100)	—	—
Proceeds from warrant exercise	1,000	—	—
Tax payments for net share settlements of equity awards (Note 16)	(1,659)	(6,686)	(5,734)
Finance lease principal payments	(1,777)	(2,224)	—
Net cash provided by financing activities	84,527	63,844	180,755
Net increase (decrease) in cash, cash equivalents and restricted cash	13,255	(115,107)	55,316
Cash, cash equivalents and restricted cash, beginning of period	68,482	183,589	128,273
Cash, cash equivalents and restricted cash, end of period	$ 81,737	$ 68,482	$ 183,589
Supplementary disclosure of cash flow information:			
Interest paid	$ 11,025	$ 8,414	$ 1,174

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

We plan to develop, own and operate a global natural gas business and to deliver natural gas to customers worldwide. Tellurian is developing a portfolio of natural gas production, LNG marketing, and infrastructure assets, including a LNG terminal facility (the "Driftwood terminal") and an associated pipeline (the "Driftwood pipeline") in southwest Louisiana. Tellurian plans to develop the Driftwood pipeline as part of what we refer to as the "Pipeline Network." The Driftwood terminal, the Pipeline Network and required natural gas production assets are collectively referred to as the "Driftwood Project".

The terms "we," "our," "us," "Tellurian" and the "Company" as used in this report refer collectively to Tellurian Inc. and its subsidiaries unless the context suggests otherwise. These terms are used for convenience only and are not intended as a precise description of any separate legal entity associated with Tellurian Inc.

Basis of Presentation

Our Consolidated Financial Statements were prepared in accordance with GAAP. The Consolidated Financial Statements include the accounts of Tellurian Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to conform prior period information to the current presentation. The reclassifications did not have a material effect on our consolidated financial position, results of operations or cash flows.

Liquidity

Our Consolidated Financial Statements were prepared in accordance with GAAP, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business as well as the Company's ability to continue as a going concern. As of the date of the Consolidated Financial Statements, we have generated losses and negative cash flows from operations, and have an accumulated deficit. We have not yet established an ongoing source of revenues that is sufficient to cover our future operating costs and obligations as they become due during the twelve months following the issuance of the financial statements.

We are planning to generate proceeds from our at-the-market program and have determined that it is probable that such proceeds will satisfy our obligations and fund our working capital needs for at least twelve months following the issuance of the financial statements. We also continue to evaluate generating additional proceeds from various other potential financing transactions, such as issuances of equity, equity-linked and debt securities or similar transactions to fund our obligations and working capital needs.

Segments

Management allocates resources and assesses financial performance on a consolidated basis. As such, for purposes of financial reporting under GAAP during the years ended December 31, 2020, 2019 and 2018, the Company operated as a single operating segment.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. Management evaluates its estimates and related assumptions on a regular basis. Changes in facts and circumstances or additional information may result in revised estimates, and actual results may differ from these estimates.

Fair Value

The Company uses three levels of the fair value hierarchy of inputs to measure the fair value of an asset or a liability. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability. Level 3 inputs are inputs that are not observable in the market.

Revenue Recognition

For the sale of natural gas, we consider the delivery of each unit (MMBtu) to be a separate performance obligation that is satisfied upon delivery to the designated sales point and therefore is recognized at a point in time. These contracts are either fixed price contracts or contracts with a fixed differential to an index price, both of which are deemed fixed consideration that is allocated to each performance obligation and represents the relative standalone selling price basis.

Each LNG cargo, in its entirety, is deemed to be a single performance obligation due to each molecule of LNG being distinct and substantially the same and therefore meeting the criteria for the transfer of a series of distinct goods. Accordingly, LNG sales are recognized at a point in time when the LNG has completed discharging to the customer. These contracts are contracts with a fixed differential to an index price, which is deemed fixed consideration that is allocated to each performance obligation and represents the relative standalone selling price basis. These LNG sales are recorded on a gross basis and reported in "LNG sales" on the Consolidated Statements of Operations.

Purchases and sales of LNG inventory with the same counterparty that are entered into in contemplation of one another (including buy/sell arrangements) are combined and recorded on a net basis and reported in "LNG sales" on the Consolidated Statements of Operations. For such LNG sales, we require payment within 10 days from delivery.

Other LNG revenue represents revenue earned from sub-charter agreements and is accounted for outside of Accounting Standards Codification 606, *Revenue from Contracts with Customers*.

We exclude all taxes from the measurement of the transaction price.

Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Non-current restricted cash on our Consolidated Balance Sheets. The carrying value of cash, cash equivalents and restricted cash approximates their fair value.

Concentration of Cash

We maintain cash balances and restricted cash at financial institutions, which may, at times, be in excess of federally insured levels. We have not incurred losses related to these balances to date.

Derivative Instruments

We use derivative instruments to hedge our exposure to cash flow variability from commodity price risk. Derivative instruments are recorded at fair value and included in our Consolidated Balance Sheets as assets or liabilities, depending on the derivative position and the expected timing of settlement, unless they satisfy the criteria for and we elect the normal purchases and sales exception.

Changes in the fair value of our derivative instruments are recorded in earnings, and, at present, we have elected not to apply hedge accounting.See Note 6, *Financial Instruments*, for additional details about our derivative instruments.

Property, Plant and Equipment

Natural gas development and production activities are accounted for using the successful efforts method of accounting. Costs incurred to acquire a property (whether proved or unproved) are capitalized when incurred. Costs to develop proved reserves are capitalized and we deplete our natural gas reserves using the units-of-production method.

Fixed assets are recorded at cost. We depreciate our property, plant and equipment, excluding land, using the straight-line depreciation method over the estimated useful life of the asset. Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed, and the resulting gains or losses are recorded in our Consolidated Statements of Operations. Management tests property, plant and equipment for impairment whenever there are indicators that the carrying amount of property, plant and equipment might not be recoverable.

Accounting for LNG Development Activities

As we have been in the preliminary stage of developing the Driftwood terminal, substantially all the costs related to such activities have been expensed. These costs primarily include professional fees associated with FEED studies and applying to FERC for authorization to construct our terminal and other required permitting for the Driftwood Project.

Costs incurred in connection with a project to develop the Driftwood terminal shall generally be treated as development expenses until the project has reached the notice-to-proceed state ("NTP State") and the following criteria (the "NTP Criteria") have been met: (i) the necessary regulatory permits have been obtained, (ii) financing for the project has been secured and (iii) management has committed to commence construction.

In addition, certain costs incurred prior to achieving the NTP State will be capitalized though the NTP Criteria have not been met. Costs to be capitalized prior to achieving the NTP State include land purchase costs, land improvement costs, costs associated with preparing the facility for use and any fixed structure construction costs (fence, storage areas, drainage, etc.). Furthermore, activities directly associated with detailed engineering and/or facility designs shall be capitalized. All amounts capitalized are periodically assessed for impairment and may be impaired if indicators are present. For additional details regarding capitalized amounts, please refer to Note 4,*Deferred Engineering Costs*.

Debt

Discounts, fees and expenses incurred with the issuance of debt are amortized over the term of the debt. These amounts are presented as a reduction of our indebtedness on the accompanying Consolidated Balance Sheets. See Note 9, *Borrowings*, for additional details about our loans.

Share-Based Compensation

Share-based compensation transactions are measured based on the grant-date estimated fair value. For awards containing only service conditions or performance conditions deemed probable of occurring, the fair value is recognized as expense over the requisite service period using the straight-line method. We recognize compensation cost for awards with performance conditions if and when we conclude that it is probable that the performance condition will be achieved. For awards where the performance or market condition is not considered probable, compensation cost is not recognized until the performance or market condition becomes probable. We reassess the probability of vesting at each reporting period for awards with performance conditions and adjust compensation cost based on our probability assessment. We recognize forfeitures as they occur. See Note 13, *Share-Based Compensation*, for additional details about our loans.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax basis of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to be realized or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider current and historical financial results, expectations for future taxable income and the availability of tax planning strategies that can be implemented, if necessary, to realize deferred tax assets. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we will make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

Net Loss Per Share (EPS)

Basic net loss per share excludes dilution and is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per share reflects potential dilution and is computed by dividing net loss by the weighted average number of common shares outstanding during the period increased by the number of additional common shares that would have been outstanding if the potential common shares had been issued and were dilutive.

NOTE 2 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

The components of prepaid expenses and other current assets consist of the following (in thousands):

	December 31,	
	2020	**2019**
Prepaid expenses	$ 1,156	$ 1,234
Deposits	100	364
Tradable equity securities	—	5,069
Derivative asset, net - current (Note 6)	843	3,121
Other current assets	6	1,510
Total prepaid expenses and other current assets	$ 2,105	$ 11,298

NOTE 3 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of fixed assets and natural gas properties, as shown below (in thousands):

	December 31,	
	2020	2019
Land	$ 13,808	$ 13,808
Proved properties	62,227	142,494
Wells in progress	492	57
Corporate and other	3,476	5,285
Total property, plant and equipment, at cost	80,003	161,644
Accumulated depreciation and depletion	(38,764)	(22,041)
Right of use asset — finance leases	20,018	13,437
Total property, plant and equipment, net	$ 61,257	$ 153,040

Depreciation and depletion expenses for the years ended December 31, 2020, 2019 and 2018 were approximately $17.2 million, $20.4 million and $1.5 million, respectively.

Land

We own land in Louisiana for the purpose of constructing the Driftwood Project.

Proved Properties Impairment

The carrying values of our proved natural gas properties are reviewed for impairment when events or circumstances indicate that the remaining carrying value may not be recoverable. During the second quarter of 2020, there were indicators that the carrying values of certain of our properties may be impaired as a result of depressed natural gas prices and a decline in demand for natural gas. We determined that these adverse market conditions represented a triggering event to perform an impairment assessment of our proved natural gas properties.

To determine whether impairment had occurred, we compared the estimated expected undiscounted future cash flows from our natural gas properties to the carrying values of those properties. The estimated future cash flows used in the recoverability test are based on proved and, if determined reasonable by management, risk-adjusted probable and possible reserves and assumptions generally consistent with those used by us for internal planning and budgeting purposes. These include, among other things, the intended use of the asset, anticipated production from reserves, future market prices of natural gas adjusted for basis differentials, and future operating costs. Proved properties that have carrying amounts in excess of estimated future undiscounted cash flows are written down to fair value.

During the second quarter of 2020, we recognized an impairment charge of approximately $81.1 million primarily associated with our assets located in northern Louisiana. The impairment charge was recorded as a reduction to the assets' carrying values to their estimated fair values of approximately $28.7 million. The estimated fair value of the impaired assets, as determined as of June 30, 2020, was based on significant inputs that are not observable in the market and, as such, are considered a Level 3 fair value measurement. Key assumptions included in the calculation of the fair value included values for the following: (i) reserves, (ii) future commodity prices and (iii) future operating and development costs.

Unproved Properties

On September 10, 2019 (the "Sale Closing Date"), we sold our wholly owned subsidiary, Magellan Petroleum (UK) Investments Holdings Limited ("Magellan Petroleum UK"), to a third party for approximately $14.8 million. The assets and liabilities of Magellan Petroleum UK consisted predominantly of non-operated interests in the Weald Basin, United Kingdom. The sale of Magellan Petroleum UK generated an overall gain of approximately $4.2 million, all of which was recognized in 2019 as Other income, net in our Consolidated Statements of Operations.

NOTE 4 — DEFERRED ENGINEERING COSTS

Deferred engineering costs of approximately $110.5 million and $106.4 million at December 31, 2020 and 2019, respectively, represent detailed engineering services related to the Driftwood terminal. The balance in this account will be transferred to construction in progress upon reaching an affirmative FID by the Company's board of directors.

NOTE 5 — OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following (in thousands):

	December 31,	
	2020	2019
Land lease and purchase options	$ 5,831	$ 4,320
Permitting costs	13,092	12,838
Right of use asset — operating leases	11,884	15,832
Other	2,090	3,765
Total other non-current assets	$ 32,897	$ 36,755

Land Lease and Purchase Options

We hold lease and purchase option agreements (the "Options") for certain tracts of land and associated river frontage. Upon exercise of the Options, the leases are subject to maximum terms of 50 years (inclusive of various renewals, at the option of the Company). Costs of the Options are amortized over the life of the lease once obtained or capitalized into the land if purchased.

Permitting Costs

Permitting costs primarily represent the purchase of wetland credits in connection with our permit application to the USACE in 2017 and 2018. These wetland credits will be applied to our permit in accordance with the Clean Water Act and the Rivers and Harbors Act, which require us to mitigate the impact to Louisiana wetlands caused by the construction of the Driftwood Project. In May 2019, we received the USACE permit. The permitting costs will be transferred to construction in progress upon reaching an affirmative FID by the Company's board of directors.

NOTE 6 — FINANCIAL INSTRUMENTS

As discussed in Note 9, *Borrowings*, as part of entering into the senior secured term loan credit agreement in 2018, we are required to enter into and maintain certain hedging transactions. As a result, we use derivative financial instruments, namely over the counter ("OTC") commodity swap instruments ("commodity swaps"), to maintain compliance with this covenant. We do not hold or issue derivative financial instruments for trading purposes.

Commodity swap agreements involve payments to or receipts from counterparties based on the differential between two prices for the commodity, and include basis swaps to protect earnings from undue exposure to the risk of geographic disparities in commodity prices. The fair value of our commodity swaps is classified as Level 2 in the fair value hierarchy and is based on standard industry income approach models that use significant observable inputs, including, but not limited to, New York Mercantile Exchange (NYMEX) natural gas forward curves and basis forward curves, all of which are validated to external sources, at least monthly.

The Company recognizes all derivative instruments as either assets or liabilities at fair value on a net basis as they are with a single counterparty and subject to a master netting arrangement. These derivative instruments are reported as either current or non-current assets or liabilities, based on their maturity dates. The Company can net settle its derivative instruments at any time. As of December 31, 2020, we had a current asset, net of $0.8 million, and a non-current asset, net of $0.1 million, related to the fair value of the current and non-current portions of our commodity swaps.

We do not apply hedge accounting for our commodity swaps; therefore, all changes in fair value of the Company's derivative instruments are recognized within Other income, net, in the Consolidated Statements of Operations. For the years ended December 31, 2020 and 2019, we recognized a realized gain of $5.1 million and $3.7 million, respectively, and an unrealized loss of $2.6 million and unrealized gain of $3.4 million, respectively, related to the changes in fair value of the commodity swaps in our Consolidated Statements of Operations. Derivative contracts that result in physical delivery of a commodity expected to be used or sold by the Company in the normal course of business are designated as normal purchases and sales and are exempt from derivative accounting. OTC arrangements require settlement in cash. Settlements of derivative commodity instruments are reported as a component of cash flows from operations in the accompanying Consolidated Statements of Cash Flows.

With respect to the commodity swaps, the Company hedged 7.5 Bcf of its fixed price and basis exposure, which represents a portion of its expected sales of equity production as of December 31, 2020. The open positions at December 31, 2020 had maturities extending through September 2022. For additional details, refer to Note 9, *Borrowings*.

NOTE 7 — RELATED PARTY TRANSACTIONS

Accounts Payable due to Related Parties

In conjunction with the dismissal of prior litigation, we agreed to reimburse the Vice Chairman of our Board of Directors, Martin Houston, for reasonable attorneys' fees and expenses he incurred during the litigation. As of December 31, 2020, we paid approximately $5.1 million to third parties to settle outstanding amounts incurred by Mr. Houston for reasonable attorneys' fees and expenses. We also paid Mr. Houston approximately $ 1.4 million for other expenses he incurred in connection with the litigation. As of December 31, 2020, a balance of approximately $0.9 million remained owed to Mr. Houston and has been classified within Accounts payable due to related parties on the Consolidated Balance Sheets.

Accounts Receivable due from Related Parties

The approximately $1.3 million in accounts receivable due from related parties consisted of tax indemnities from employees who received share-based compensation in 2016. The statute of limitations related to the tax indemnities expired in October 2020; therefore, this receivable is no longer warranted.

Other

A member of our board of directors is a partner at a law firm that has provided legal services to the Company. Fees incurred for such services were approximately $0.1 million, $0.4 million and $0.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

NOTE 8 — ACCRUED AND OTHER LIABILITIES

The components of accrued and other liabilities consist of the following (in thousands):

	December 31,	
	2020	2019
Project development activities	3,228	3,851
Payroll and compensation	9,454	18,773
Accrued taxes	1,057	1,018
Professional services (e.g., legal, audit)	1,004	2,906
Warrant liabilities	3,774	—
Lease liabilities	1,950	3,729
Other	1,536	2,726
Total accrued and other liabilities	$ 22,003	$ 33,003

NOTE 9 — BORROWINGS

The following tables summarize the Company's borrowings as of December 31, 2020, and December 31, 2019 (in thousands):

	December 31, 2020		
	Principal repayment obligation	Unamortized DFC and discounts	Carrying value
2020 Unsecured Note	$ 16,000	$ (2,376)	$ 13,624
2019 Term Loan, due March 2022 [a, b]	43,217	(4,942)	38,275
2018 Term Loan, due September 2021	60,000	(805)	59,195
Total borrowings	$ 119,217	$ (8,123)	$ 111,094

	December 31, 2019		
	Principal repayment obligation and other fees	Unamortized DFC and discounts	Carrying value
2019 Term Loan, due March 2022 [a, c]	$ 84,955	$ (6,427)	$ 78,528
2018 Term Loan, due September 2021	60,000	(1,879)	58,121
Total borrowings	$ 144,955	$ (8,306)	$ 136,649

(a) Maturity date amended as part of the Fourth Amendment to the 2019 Term Loan.

(b) Includes paid-in-kind interest on the 2019 Term Loan of $3.3 million.

(c) Includes paid-in-kind interest on the 2019 Term Loan of $1.8 million as well as a final payment fee equal to 20% of the principal amount less financing costs and cash interest amounts paid.

2020 Senior Unsecured Note

On April 29, 2020, we issued a zero coupon $56.0 million face amount senior unsecured note (the "2020 Unsecured Note") to an unrelated third party. Net proceeds raised from the 2020 Unsecured Note were approximately $47.4 million, after deducting approximately $2.6 million in fees and $6.0 million in original issue discount. The 2020 Unsecured Note is required to be repaid in installments on the first day of every month, and these repayments began on June 1, 2020. As of December 31, 2020, we repaid $40.0 million of the 2020 Unsecured Note. The remaining repayments are scheduled as follows (in thousands):

Period	Periodic Amount	Total
January 1, 2021 – April 1, 2021	$ 4,000	$ 16,000

The 2020 Unsecured Note contains certain cash sweep provisions requiring that a portion of the proceeds from certain of our equity offerings and convertible securities offerings be used to repay the outstanding principal balance through additional amortization payments. Due to the amount of proceeds generated from the sale of our common stock under our at-the-market program in June 2020, as well as the equity offering completed on July 24, 2020, these cash sweep provisions were triggered on July 1, 2020 and August 3, 2020, requiring us to make the maximum amount of additional amortization payments for a total of $8.0 million in additional repayments of the outstanding principal balance. As a result of these additional repayments, the final payment associated with the 2020 Unsecured Note is scheduled to occur on April 1, 2021 instead of June 1, 2021 as originally scheduled. For more information about the transactions that triggered the cash sweep provisions, see Note 11, *Stockholders' Equity.*

In conjunction with the 2020 Unsecured Note, we issued to the lender a warrant to purchase20.0 million shares of our common stock (the "Unsecured Warrant"). The fair value of the Unsecured Warrant of approximately $16.1 million has been recognized as an original issue discount to the 2020 Unsecured Note. For more information about the Unsecured Warrant, see Note 11, *Stockholders' Equity.*

The lender may require us to repurchase the 2020 Unsecured Note upon a Fundamental Change (as defined in the 2020 Unsecured Note) or an event of default at 105% and 115%, respectively, of the remaining outstanding principal balance. If an event of default occurs which cannot be cured within certain time periods, we have the right to pay in cash. However, to the extent that we do not pay in cash, the lender will have the right to convert the outstanding face amount into shares of our

common stock based on a formula defined in the 2020 Unsecured Note. We may prepay the 2020 Unsecured Note in whole or in part from time to time without premium or penalty.

2019 Term Loan

On May 23, 2019, Driftwood Holdings LP ("Driftwood Holdings"), a wholly owned subsidiary of the Company, entered into a senior secured term loan agreement (the "2019 Term Loan") to borrow an aggregate principal amount of $60.0 million. On July 16, 2019, the principal amount was increased by an additional $15.0 million after certain criteria stipulated in the 2019 Term Loan agreement were met. Borrowings under the 2019 Term Loan bore a fixed annual interest rate of 12%, of which 4% could be added to the outstanding principal as paid-in-kind interest at the end of each reporting period. In addition to the fixed annual interest rate, upon maturity or early repayment of the 2019 Term Loan, Driftwood Holdings was also obligated to pay to the lender a fee equal to 20% of the principal amount borrowed less financing costs and cash interest paid (the "Final Payment Fee"). We issued to the lender a warrant to purchase approximately 1.5 million shares of our common stock at $10.00 per share (the "Original Warrant"). Fees associated with entering into the 2019 Term Loan of approximately $2.2 million have been capitalized as deferred financing costs.

On February 28, 2020, Driftwood Holdings entered into an amendment (the "First Amendment") to the 2019 Term Loan which allowed us to enter into a land lease for the Driftwood Project. There was no financial statement impact as a result of the First Amendment.

On March 23, 2020, Driftwood Holdings entered into a second amendment (the "Second Amendment") to the 2019 Term Loan. The Second Amendment, among other things, modified the 2019 Term Loan as follows:

- Extended the maturity date from May 23, 2020 to November 23, 2021;
- Modified the frequency of interest payments from quarterly to monthly;
- Modified the interest rate from 12% per annum, with the ability to defer 4% per annum as paid-in-kind, to 16% per annum, with the ability to defer 8% per annum as paid-in-kind;
- Required a principal payment of $3.0 million by April 22, 2020; and
- Reduced the required month-end collateral amount from $30.0 million to $12.0 million.

Upon entering into the Second Amendment, we repaid a portion of the outstanding principal and issued approximately 11.0 million shares of our common stock in exchange for cancellation of the Final Payment Fee and all accrued paid-in-kind interest through March 22, 2020 of approximately $11.0 million. Further, as part of the Second Amendment, the Original Warrant was replaced with a new warrant (the "Replacement Warrant").

On April 28, 2020, Driftwood Holdings entered into a third amendment (the "Third Amendment") to the 2019 Term Loan, in order to seek the lender's consent with specific operational needs. As part of the Third Amendment, we issued to the lender a common stock purchase warrant (the "Third Amendment Warrant"). On September 21, 2020, Driftwood Holdings entered into a fourth amendment (the "Fourth Amendment"), which extended the maturity date of the 2019 Term Loan from November 23, 2021 to March 23, 2022.

In connection with the Second Amendment, Third Amendment and Fourth Amendment (collectively, the "Amendments"), we issued to the lender a total of approximately 9.3 million shares of our common stock to retire approximately $15.0 million of principal amount of the 2019 Term Loan and repaid in cash approximately $19.1 million of principal amount of the 2019 Term Loan.

The result of the Replacement and Third Amendment Warrants was an increase of approximately $6.0 million in the debt issuance discount associated with the 2019 Term Loan. Refer to Note 11, *Stockholders' Equity*, for further details.

The Amendments were accounted for as debt modifications with no gain or loss recognized, and differences in fair value for amounts settled or paid were capitalized as part of the 2019 Term Loan debt issuance discount.

On December 2, 2020, we repaid $1.0 million of the outstanding principal due to the lender exercising a portion of the Replacement Warrant. See Note 11, *Stockholders' Equity,* for further information.

We may prepay the 2019 Term Loan in whole or in part from time to time without premium or penalty. Borrowings under the 2019 Term Loan are guaranteed by Tellurian Inc. and certain of its subsidiaries and are secured by substantially all of the assets of Tellurian Inc. and certain of its subsidiaries, other than Tellurian Production Holdings LLC ("Production Holdings") and its subsidiaries, under one or more security agreements and pledge agreements.

2018 Term Loan

On September 28, 2018 (the "Closing Date"), Production Holdings entered into a three-year senior secured term loan credit agreement (the "2018 Term Loan") in an aggregate principal amount of $60.0 million.

Our use of proceeds from the 2018 Term Loan is predominantly restricted to capital expenditures associated with certain development and drilling activities and fees related to the transaction itself. At December 31, 2020, unused proceeds from the 2018 Term Loan totaled $3.4 million and were classified as Non-current restricted cash on our Consolidated Balance Sheets.

We have the right, but not the obligation, to make voluntary principal repayments starting six months following the Closing Date in a minimum amount of $5.0 million or any integral multiples of $1.0 million in excess thereof. If no voluntary principal repayments are made, the principal amount, together with any accrued interest, is payable at the maturity date of September 28, 2021. The 2018 Term Loan can be terminated without penalty, with an early termination payment equal to the outstanding principal plus accrued interest.

Amounts borrowed under the 2018 Term Loan are guaranteed by Tellurian Inc. and each of Production Holdings' subsidiaries. The 2018 Term Loan is collateralized by a first priority lien on all assets of Production Holdings and its subsidiaries, including our proved natural gas properties.

Covenant Compliance

As of December 31, 2020, the Company was in compliance with all covenants under its credit agreements. Refer to Note 6, *Financial Instruments*, for details of hedging transactions, as of and for the period ended December 31, 2020, entered into as required by the 2018 Term Loan described above.

Fair Value

As of December 31, 2020, the fair value of the 2020 Unsecured Note, on a discounted cash flow basis, was approximately $15.8 million as the 2020 Unsecured Note effective interest rate was higher than current market levels. As of December 31, 2020, the fair value of the 2019 Term Loan, on a discounted cash flow basis, was approximately $47.6 million as the 2019 Term Loan effective interest rate was higher than current market levels. As of December 31, 2020, the fair value of the 2018 Term Loan, on a discounted cash flow basis, was approximately $60.6 million as the 2018 Term Loan effective interest rate was higher than current market levels. The 2020 Unsecured Note, 2019 Term Loan and 2018 Term Loan represent Level 3 instruments in the fair value hierarchy.

NOTE 10 — COMMITMENTS AND CONTINGENCIES

Contractual Obligations

On April 23, 2019, we entered into a master LNG sale and purchase agreement and related confirmation notices (collectively, the "SPA") with an unrelated third-party LNG merchant. Pursuant to the SPA, we committed to purchase one cargo of LNG per quarter, based on the JKM price in effect at the time of each purchase, beginning in June 2020 through October 2022.

NOTE 11 — STOCKHOLDERS' EQUITY

At-the-Market Program

We maintain an at-the-market equity offering program pursuant to which we may sell shares of our common stock from time to time on the Nasdaq. For the year ended December 31, 2020, we issued approximately 43.7 million shares of our common stock under our at-the-market program for net proceeds of approximately $53.8 million. As of December 31, 2020, we had remaining availability under the at-the-market program to raise aggregate gross sales proceeds of up to approximately $333.8 million. See Note 17, *Subsequent Events*, for further information.

Common Stock Issuances

On February 11, 2020, we sold approximately 2.1 million shares of our common stock in a registered direct offering at a price of $6.36 per share. Net proceeds from this offering, after deducting fees and expenses, were approximately $13.1 million. Additionally, on July 24, 2020, we completed a registered direct offering pursuant to which we sold 35.0 million shares of our common stock at an offering price of $1.00 per share. Net proceeds from this transaction were approximately $32.8 million.

In June 2018, we sold 12.0 million shares of common stock for proceeds of approximately $115.2 million, net of approximately $3.6 million in fees and commissions. The underwriters were granted an option to purchase up to an additional 1.8 million shares of common stock within 30 days, which was not exercised. In January 2018, and in connection with a common stock issuance in December 2017, the underwriters exercised their option to purchase an additional 1.5 million shares of our common stock for proceeds of approximately $14.5 million, net of approximately $0.5 million in fees and commissions.

Common Stock Purchase Warrants

2020 Unsecured Note

As discussed in Note 9, *Borrowings*, on April 29, 2020 (the "Issuance Date"), in conjunction with the issuance of the 2020 Unsecured Note, we issued a warrant providing the lender with the right to purchase up to 20.0 million shares of our common stock at $1.542 per share. The Unsecured Warrant, which vested on the Issuance Date, was not exercisable until October 29, 2020 and will expire five years after it became exercisable. The Unsecured Warrant was valued using a Black-Scholes option pricing model that resulted in a relative fair value of approximately $16.1 million on the Issuance Date and is not subject to subsequent remeasurement. The Unsecured Warrant has been classified as equity and is recognized within Additional paid-in capital on our Consolidated Balance Sheets. The Unsecured Warrant has been excluded from the computation of diluted loss per share because including it in the computation would have been antidilutive for the periods presented.

2019 Term Loan

As discussed in Note 9, *Borrowings*, we have entered into four amendments to the 2019 Term Loan. Pursuant to the Second Amendment, we replaced the previously issued Original Warrant, which provided the lender with the right to purchase up to 1.5 million shares of our common stock at $10.00 per share, with the Replacement Warrant, which provides the lender with the right to purchase 9.0 million shares of our common stock at $1.00 per share. Pursuant to the Third Amendment, we issued the Third Amendment Warrant, which provides the lender with the right to purchase approximately 4.7 million shares of our common stock at $1.542 per share. The Third Amendment Warrant expires five years after the date of the Third Amendment. Half of the Third Amendment Warrant vested immediately, but was not exercisable until October 29, 2020, and the remaining half vested, and became exercisable, on October 29, 2020.

The aggregate number of unvested shares of our common stock provided to the lender under the Replacement Warrant and the Third Amendment Warrant will be reduced proportionately as a result of any partial repayment of the 2019 Term Loan principal and, in the event the outstanding balance of the 2019 Term Loan is repaid in full, any unvested tranches will be canceled as of the date of such repayment. As of December 31, 2020, the aggregate number of unvested shares of our common stock provided to the lender under the Replacement Warrant and the Third Amendment Warrant has been reduced by approximately 2.4 million shares due primarily to partial repayments of the outstanding principal balance.

The Replacement Warrant expires five years after the date of the Second Amendment and vests as follows (in thousands):

Vesting	Number of Shares
Immediately	3,000
March 23, 2021	1,924
June 23, 2021	1,924
Total	6,848

On December 2, 2020, the lender purchased 1.0 million shares of our common stock for proceeds of $1.0 million under the terms of the Replacement Warrant. See Note 17, *Subsequent Events*, for further information.

The Replacement Warrant was valued using a Black-Scholes option pricing model that resulted in a fair value of approximately $3.6 million on the date of the Second Amendment. The difference between the fair values of the Original Warrant and the Replacement Warrant was an increase of approximately $ 0.3 million and has been classified as equity and recognized within Additional paid-in capital on our Consolidated Balance Sheets. However, as the total number of warrants was no longer fixed, approximately $2.4 million was recognized as a liability on the date of the Second Amendment. This liability is remeasured every period end while it remains unvested, and if the vesting event occurs, the applicable portion of the liability will be remeasured on said vesting date and reclassified to equity. As of December 31, 2020, we had recognized approximately $3.8 million within Accrued and other liabilities on our Consolidated Balance Sheets associated with the Replacement Warrant. For the year ended December 31, 2020, we recognized an unrealized loss of approximately $1.4 million within Other income, net, on our Consolidated Statement of Operations due to the remeasurement of the unvested portion of the Replacement Warrant.

The Third Amendment Warrant was valued using a Black-Scholes option pricing model that resulted in a fair value of approximately $5.7 million on the date of the Third Amendment. As only half of the Third Amendment Warrant had vested on the date of the Third Amendment, and was therefore fixed, approximately $ 2.9 million was classified as equity and recognized within Additional paid-in capital on our Consolidated Balance Sheets. The remaining approximately $2.8 million did not meet the fixed-for-fixed criteria for equity classification, and was recognized as a liability on the date of the Third Amendment. This liability was remeasured every period end while it remained unvested. On October 29, 2020, the remaining half of the Third

Amendment Warrant vested and approximately $1.1 million was reclassified to equity. We recognized a realized gain of approximately $1.7 million within Other income, net, on our Consolidated Statement of Operations due to the remeasurement of the Third Amendment Warrant.

The Replacement Warrant and Third Amendment Warrant have been excluded from the computation of diluted loss per share because including it in the computation would have been antidilutive for the periods presented.

Preferred Stock

In March 2018, we entered into a preferred stock purchase agreement with BDC Oil and Gas Holdings, LLC ("Bechtel Holdings"), a Delaware limited liability company and an affiliate of Bechtel Oil, Gas and Chemicals, Inc., a Delaware corporation, pursuant to which we sold to Bechtel Holdings approximately 6.1 million shares of our Series C convertible preferred stock (the "Preferred Stock").

The holders of the Preferred Stock do not have dividend rights but do have a liquidation preference over holders of our common stock. The holders of the Preferred Stock may convert all or any portion of their shares into shares of our common stock on a one-for-one basis. At any time after "Substantial Completion" of "Project 1," each as defined in and pursuant to the LSTK EPC Agreement for the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, or at any time after March 21, 2028, we have the right to cause all of the Preferred Stock to be converted into shares of our common stock on a one-for-one basis. The Preferred Stock has been excluded from the computation of diluted loss per share because including it in the computation would have been antidilutive for the periods presented.

NOTE 12 — SEVERANCE AND REORGANIZATION

We implemented a cost reduction and reorganization plan during the first quarter of 2020 due to the sharp decline in oil and natural gas prices as well as the negative economic effects of the COVID-19 pandemic. We have satisfied all amounts owed to former employees and incurred approximately $6.4 million of severance and reorganization charges during the year ended December 31, 2020 due to reductions in workforce. The charges are presented within the caption Severance and reorganization charges on our Consolidated Statements of Operations.

Employee Retention Plan

In July 2020, the Company's Board of Directors approved an employee retention incentive plan (the "Employee Retention Plan") aggregating $12.0 million. The Employee Retention Plan vests in four equal installments upon the attainment of a ten-day average closing price of the Company's common stock above $2.25, $3.25, $4.25 and $5.25 (the "Stock Performance Targets"). Subject to continued employment, the Employee Retention Plan's awards are payable over a period of twelve months commencing with the later of (i) the first month following the month in which the applicable Stock Performance Target is attained, and (ii) June 2021. The Employee Retention Plan will expire if the Stock Performance Targets are not attained by March 31, 2022.

No accrual has been made in the accompanying consolidated financial statements for the Employee Retention Plan as amounts are contingent on the occurrence of future events and service.

NOTE 13 — SHARE-BASED COMPENSATION

We have granted restricted stock and restricted stock units (collectively, "Restricted Stock"), as well as unrestricted stock and stock options, to employees, directors and outside consultants (collectively, the "grantees") under the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as amended (the "2016 Plan"), and the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (the "Legacy Plan"). The maximum number of shares of Tellurian common stock authorized for issuance under the 2016 Plan is 40 million shares of common stock, and no further awards can be made under the Legacy Plan.

For the years ended December 31, 2020, 2019 and 2018, Tellurian recognized approximately $2.7 million, $4.2 million and $5.1 million, respectively, of share-based compensation expense related to all share-based awards. As of December 31, 2020, unrecognized compensation expense, based on the grant date fair value, for all share-based awards totaled approximately $203.2 million.

Restricted Stock

Upon the vesting of restricted stock, shares of common stock will be released to the grantee. Upon the vesting of certain restricted stock units, the units will be converted into shares of common stock and released to the grantee. In March 2018, we began issuing phantom units that may be settled in either cash, stock or a combination thereof. As of December 31, 2020, there was no Restricted Stock that would be required to be settled in cash.

As of December 31, 2020, we had approximately 29.6 million shares of performance-based Restricted Stock outstanding, of which approximately 19.3 million shares will vest entirely based upon an affirmative FID by the Company's

board of directors, as defined in the award agreements, and approximately 9.6 million shares will vest in one-third increments at FID and the first and second anniversaries of FID. The remaining shares of primarily performance-based Restricted Stock, totaling approximately 0.7 million shares, will vest based on other criteria. As of December 31, 2020, no expense had been recognized in connection with performance-based Restricted Stock.

As of December 31, 2020, we had approximately 5.4 million shares of time-based Restricted Stock outstanding. They primarily represent the settlement of the 2019 employee bonuses, which were included in our accrued liabilities balance as of December 31, 2019, and will vest in their entirety during 2021.

The fair value of the Restricted Stock was established by the market price on the date of grant and, for service-based awards, is being recognized as compensation expense ratably over the vesting term. Further, the approximately 35.0 million shares of performance-based and time-based Restricted Stock have been excluded from the computation of diluted loss per share because including them in the computation would have been antidilutive for the periods presented.

The following table provides a summary of our Restricted Stock transactions for the year ended December 31, 2020 (shares and units in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2020	24,625	$ 7.56
Granted [1]	20,061	1.17
Vested	(9,197)	1.27
Forfeited	(528)	7.72
Unvested at December 31, 2020	34,961	5.78

[1] The weighted-average per share grant date fair value of Restricted Stock granted during the years ended December 31, 2019 and 2018 was $8.53 and $11.02, respectively.

The total grant date fair value of restricted stock vested during the years ended December 31, 2020, 2019 and 2018 was approximately $1.7 million, $1.2 million and $2.5 million, respectively.

Stock Options

Participants in the 2016 Plan have been granted non-qualified options to purchase shares of common stock. Stock options are granted at a price not less than the market price of the common stock on the date of grant. The following table provides a summary of our stock option transactions for the year ended December 31, 2020 (stock options in thousands):

	Stock Options	Weighted Average Exercise Price
Outstanding at January 1, 2020	1,901	$ 10.32
Granted [1]	10,000	4.50
Exercised	—	—
Forfeited or expired	(546)	10.32
Outstanding at December 31, 2020	11,355	$ 5.19
Exercisable at December 31, 2020	1,355	$ 10.32

[1] The weighted-average grant date per option fair value was $0.70.

The stock options that were granted to a recipient during the year ended December 31, 2020, vest and become exercisable upon the achievement of both triggers as follows (stock options in thousands):

Service Trigger [1]	Stock Price Trigger [2]	Amount
December 15, 2021	$3.50	3,333
December 15, 2022	$4.50	3,333
December 15, 2023	$5.50	3,334
		10,000

[1] Satisfied through continued employment or other service to the Company through the designated date.

[2] Satisfied upon the Company's common stock price closing at a price per share at or equal to the designated closing price for any ten consecutive trading days.

The stock options granted during the year ended December 31, 2020, expire on the fifth anniversary of the date of its grant. There were no stock options granted during the years ended December 31, 2019 or 2018.

The fair value of each stock option awarded in 2020 was estimated using a Monte Carlo simulation and, due to the service trigger, is being recognized as compensation expense ratably over the vesting term. Valuation assumptions used to value stock options granted during the year ended December 31, 2020 were as follows:

Expected volatility	113.6 %
Expected dividend yields	— %
Risk-free rate	0.4 %

Due to our limited history, the expected volatility is based on a blend of our historical annualized volatility and the implied volatility utilizing options quoted or traded. The expected dividend yield is based on historical yields on the date of grant. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant.

There were approximately zero, 7 thousand and zero stock options exercised during the years ended December 31, 2020, 2019 and 2018, respectively. Further, the approximately 11.4 million stock options outstanding have been excluded from the computation of diluted loss per share because including them in the computation would have been antidilutive for the periods presented.

NOTE 14 — INCOME TAXES

Income tax benefit (provision) included in our reported net loss consisted of the following (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Current:			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	—	—	190
Total Current	—	—	190
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	—	—	—
Total Deferred	—	—	—
Total income tax benefit (provision)	$ —	$ —	$ 190

The sources of loss from operations before income taxes were as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Domestic	$ (202,831)	$ (139,654)	$ (115,137)
Foreign	(7,865)	(12,113)	(10,798)
Total loss before income taxes	$ (210,696)	$ (151,767)	$ (125,935)

The reconciliation of the federal statutory income tax rate to our effective income tax rate is as follows:

	Year Ended December 31,		
	2020	2019	2018
Income tax benefit (provision) at U.S. statutory rate	$ 44,246	$ 31,871	$ 26,446
Share-based compensation	—	—	—
Impairment	—	—	—
Change in U.S. tax rate	—	—	—
Change in valuation allowance due to change in U.S. tax rate	—	—	—
U.S. state tax	8,563	7,529	7,955
Change in valuation allowance	(49,802)	(38,953)	(32,086)
Other	(3,007)	(447)	(2,125)
Total income tax benefit (provision)	$ —	$ —	$ 190

Significant components of our deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2020	2019
Deferred tax assets:		
Capitalized engineering costs	$ 45,865	$ 27,705
Capitalized start-up costs	16,361	17,747
Compensation and benefits	4,475	3,478
Property, plant and equipment	10,569	—
Lease liability	5,977	—
Net operating loss carryforwards and credits:		
Federal	68,515	60,469
State	11,449	9,700
Foreign	5,242	4,087
Other, net	3,329	6,247
Deferred tax assets	171,782	129,433
Less valuation allowance	(171,782)	(121,980)
Deferred tax assets, net of valuation allowance	—	7,453
Deferred tax liabilities		
Property and equipment	—	(7,453)
Net deferred tax assets	$ —	$ —

As of December 31, 2020, we had federal, state and international net operating loss ("NOL") carryforwards of $306.6 million, $220.1 million and $29.1 million, respectively. Approximately $245.3 million of these NOLs have an indefinite carryforward period. All other NOLs will expire between 2036 and 2037.

Due to our historical losses and other available evidence related to our ability to generate taxable income, we have established a valuation allowance to fully offset our federal, state and international deferred tax assets as of December 31, 2020 and 2019. We will continue to evaluate the realizability of our deferred tax assets in the future. The increase in the valuation allowance was $49.8 million for the year ended December 31, 2020.

In addition, we experienced a Section 382 ownership change in April 2017. An analysis of the annual limitation on the utilization of our NOLs was performed in accordance with IRC Section 382. It was determined that IRC Section 382 will not materially limit the use of our NOLs over the carryover period. We will continue to monitor trading activity in our shares which could cause an additional ownership change. If the Company experiences a Section 382 ownership change, it could further affect our ability to utilize our existing NOL carryforwards.

As of December 31, 2020, the Company determined that it has no uncertain tax positions, interest or penalties as defined within ASC 740-10. The Company does not have unrecognized tax benefits. The Company does not believe that it is reasonably possible that the total unrecognized benefits will significantly increase within the next 12 months.

We are subject to tax in the U.S. and various state and foreign jurisdictions. We are not currently under audit by any taxing authority. Federal and state tax returns filed with each jurisdiction remain open to examination under the normal three-year statute of limitations.

Pursuant to ASC 740-30-25-17, the Company recognizes deferred tax liabilities associated with outside basis differences on investments in foreign subsidiaries unless the difference is considered essentially permanent in duration. As of December 31, 2020, the Company has not recorded any deferred taxes on unremitted earnings as the Company has no undistributed earnings and profits. If circumstances change in the foreseeable future and it becomes apparent that some or all of the undistributed earnings and profits will not be reinvested indefinitely, or will be remitted in the foreseeable future, a deferred tax liability will be recorded for some or all of the outside basis difference.

NOTE 15 — LEASES

Finance Leases

Our land leases are classified as financing leases and include one or more options to extend the lease term for up to 40 years, as well as to terminate the lease within five years, at our sole discretion. We are reasonably certain that those options will be exercised, and that our termination rights will not be exercised, and we have, therefore, included those assumptions within our right of use assets and corresponding lease liabilities. As of December 31, 2020, the weighted-average remaining lease term for our financing leases was approximately fifty years. As none of our finance leases provide an implicit rate, we have determined our own discount rate, which, on a weighted-average basis at December 31, 2020, was approximately 13%.

As of December 31, 2020, our financing leases had a corresponding right of use asset of approximately $20.0 million, which is recognized within Property, plant and equipment, net, and a total lease liability of approximately $13.5 million, which is recognized in Other non-current liabilities. For the years ended December 31, 2020 and 2019, our finance lease costs, which are associated with the interest on our lease liabilities, were approximately $1.7 million and $0.2 million, respectively, of which approximately $1.1 million had been paid as of December 31, 2020. For the years ended December 31, 2020 and 2019, we paid approximately $2.9 million and $2.2 million, respectively, in cash for amounts included in the measurement of finance lease liabilities, all of which are presented within the finance section of our cash flows.

Operating Leases

Our office space leases are classified as operating leases and include one or more options to extend the lease term up to 10 years, at our sole discretion. As we are not reasonably certain that those options will be exercised, none are recognized as part of our right of use assets and lease liabilities. As of December 31, 2020, our weighted-average remaining lease term for our operating leases was approximately six years. As none of our operating leases provide an implicit rate, we have determined our own discount rate, which, on a weighted-average basis at December 31, 2020, was approximately 8%.

As of December 31, 2020, our operating leases had a corresponding right of use asset of approximately $11.9 million, which is recognized within Other non-current assets, and a total lease liability of approximately $13.7 million which is recognized within Accrued and other liabilities (approximately $1.9 million) and Other non-current liabilities (approximately $11.8 million). For the years ended December 31, 2020, 2019 and 2018, our operating lease costs were $2.7 million, $3.6 million and $3.2 million, respectively. For the years ended December 31, 2020, 2019 and 2018, we paid approximately $2.8 million, $3.2 million and $2.2 million, respectively, in cash for amounts included in the measurement of operating lease liabilities, all of which are presented within operating cash flows.

The table below presents a maturity analysis of our lease liability on an undiscounted basis and reconciles those amounts to the present value of the lease liability as of December 31, 2020 (in thousands):

	Operating	Finance
2021	$ 2,969	$ 1,826
2022	3,006	1,826
2023	3,044	1,826
2024	3,081	1,826
2025	3,119	1,826
After 2025	1,860	82,368
Total lease payments	$ 17,079	$ 91,498
Less: discount	3,423	77,989
Present value of lease liability	$ 13,656	$ 13,509

NOTE 16 — SUPPLEMENTAL CASH FLOW INFORMATION

The following table provides information regarding the net changes in working capital (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Accounts receivable	$ 506	$ (3,508)	$ (958)
Prepaid expenses and other current assets	6,915	1,147	(431)
Accounts payable	(1,069)	(699)	7,776
Accounts payable due to related parties (Note 7)	910	—	—
Accrued liabilities	(6,842)	18,167	15,475
Other, net	(1,986)	(3,929)	(11,342)
Net changes in working capital	$ (1,566)	$ 11,178	$ 10,520

The following table provides supplemental disclosure of cash flow information (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Non-cash accruals of property, plant and equipment and other non-current assets	8,370	11,759	8,630
Non-cash settlement of Final Payment Fee (Note 9)	8,539	—	—
Future proceeds from sale of Magellan Petroleum UK	—	1,384	—
Tradable equity securities	—	5,069	—
Non-cash settlement of withholding taxes associated with the 2019, 2018 and 2017 bonus paid and vesting of certain awards, respectively	1,659	6,686	5,733
Non-cash settlement of the 2019, 2018 and 2017 bonus paid, respectively	7,602	18,396	15,202
Asset retirement obligation additions and revisions	—	182	115

The statement of cash flows for the year ended December 31, 2020 reflects approximately $78.5 million and $2.1 million in non-cash movements related to the 2019 Term Loan and the Replacement Warrant, respectively. The statement of cash flows for the year ended December 31, 2019 reflects a $0.4 million non-cash movement for funds deposited in escrow in December 2018 that were cleared in March 2019 for the purchase of land.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of such amounts shown in the Consolidated Statements of Cash Flows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Cash and cash equivalents	$ 78,297	$ 64,615	$ 133,714
Non-current restricted cash	3,440	3,867	49,875
Total cash, cash equivalents and restricted cash in the statement of cash flows	$ 81,737	$ 68,482	$ 183,589

NOTE 17 — SUBSEQUENT EVENTS

At-the-Market Program

After December 31, 2020, and through the date of this filing, we issued 25.6 million shares of common stock under our at-the-market equity offering program for total proceeds of approximately $57.2 million, net of approximately $1.8 million in fees and commissions. As of February 9, 2021, we have remaining capacity under our at-the-market program to raise aggregate gross sales proceeds of approximately $274.9 million.

2018 Term Loan Repayment

After December 31, 2020, we voluntarily repaid approximately $43.0 million of the 2018 Term Loan outstanding principal utilizing the cash generated and held by Production Holdings.

Exercises of Common Stock Purchase Warrants

After December 31, 2020, the holder of the Replacement and Third Amendment Warrants purchased approximately 6.0 million shares of our common stock for aggregate exercise price proceeds of approximately $8.2 million. We utilized the proceeds received to repay $5.6 million of the 2019 Term Loan outstanding principal.

SUPPLEMENTAL DISCLOSURES ABOUT NATURAL GAS PRODUCING ACTIVITIES

In accordance with FASB and SEC disclosure requirements for natural gas producing activities, this section provides supplemental information on Tellurian's natural gas producing activities in six separate tables. Tables I through III provide historical cost information pertaining to costs incurred in exploration, property acquisitions and development; capitalized costs; and results of operations. Tables IV through VI present information on the Company's estimated net proved reserve quantities, standardized measure of estimated discounted future net cash flows related to proved reserves and changes in estimated discounted future net cash flows.

Table I — Capitalized Costs Related to Natural Gas Producing Activities

Capitalized costs related to Tellurian's natural gas producing activities are summarized as follows (in thousands):

	December 31,		
	2020	2019	2018
Proved properties	$ 62,718	$ 142,494	$ 101,459
Unproved properties	—	—	10,204
Gross capitalized costs	62,718	142,494	111,663
Accumulated DD&A	(37,639)	(21,010)	(1,335)
Net capitalized costs	$ 25,079	$ 121,484	$ 110,328

Table II — Costs Incurred in Exploration, Property Acquisitions and Development

Costs incurred in natural gas property acquisition (inclusive of producing well costs), exploration and development activities are summarized as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Property acquisitions:			
Proved	$ 1,307	$ 45,484	$ 13,261
Unproved	—	—	204
Exploration costs	—	—	—
Development	—	800	2,104
Costs incurred	$ 1,307	$ 46,284	$ 15,569

Table III — Results of Operations for Natural Gas Producing Activities

The following table includes revenues and expenses directly associated with our natural gas and condensate producing activities. It does not include any interest costs or indirect general and administrative costs and, therefore, is not necessarily indicative of the contribution to consolidated net operating results of our natural gas operations. Tellurian's results of operations from natural gas and condensate producing activities for the periods presented are as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Natural gas sales	$ 30,441	$ 28,774	$ 4,423
Operating costs	15,814	14,923	11,251
Depreciation, depletion and amortization	16,703	19,736	1,228
Impairment charge	81,065	—	2,699
Total operating costs and expenses	113,582	34,659	15,178
Results of operations	$ (83,141)	$ (5,885)	$ (10,755)

Table IV — Natural Gas Reserve Quantity Information

Our estimated proved reserves are located in Louisiana. We caution that there are many uncertainties inherent in estimating proved reserve quantities and in projecting future production rates and the timing of development expenditures. Accordingly, these estimates are expected to change as further information becomes available. Material revisions of reserve

estimates may occur in the future, development and production of the natural gas and condensate reserves may not occur in the periods assumed, and actual prices realized and actual costs incurred may vary significantly from those used in these estimates.

The estimates of our proved reserves as of December 31, 2020, 2019 and 2018 have been prepared by Netherland, Sewell & Associates, Inc., independent petroleum consultants.

	Gas (MMcf)	Condensate (Mbbl)	Gas Equivalent (MMcfe)
Proved reserves:			
December 31, 2017	327,118	10	327,180
Extensions, discoveries and other additions	22,481	—	22,481
Revisions of previous estimates	(84,061)	(2)	(84,072)
Production	(1,399)	(1)	(1,405)
Sale of reserves-in-place	—	—	—
Purchases of reserves-in-place	715	—	715
December 31, 2018	264,854	7	264,899
Extensions, discoveries and other additions	12,848	—	12,848
Revisions of previous estimates	4,737	(6)	4,696
Production	(13,901)	(1)	(13,905)
Sale of reserves-in-place	—	—	—
Purchases of reserves-in-place	—	—	—
December 31, 2019	268,538	—	268,538
Extensions, discoveries and other additions	—	—	—
Revisions of previous estimates	(152,132)	—	(152,132)
Production	(16,898)	—	(16,898)
Sale of reserves-in-place	—	—	—
Purchases of reserves-in-place	—	—	—
December 31, 2020	99,508	—	99,508
Proved developed reserves:			
December 31, 2018	17,522	7	17,567
December 31, 2019	30,699	—	30,699
December 31, 2020	26,593	—	26,593
Proved undeveloped reserves:			
December 31, 2018	247,332	—	247,332
December 31, 2019	237,839	—	237,839
December 31, 2020	72,915	—	72,915

2019 to 2020 Changes

- Had total negative revisions of approximately 152 Bcfe, comprised primarily of a 149 Bcfe negative revision due to the downturn in commodity prices and a 17 Bcfe negative revision from the loss of leases. These downward revisions were offset by a 14 Bcfe positive revision due to improved well performance.

PUD Changes

- Had total negative revisions of approximately 165 Bcfe, comprised of a 148 Bcfe negative revision due to the downturn in commodity prices and a 17 Bcfe negative revision from lease expirations.

2018 to 2019 Changes

- Added approximately 13 Bcfe of proved reserves, comprised of 12 Bcfe from additional proved undeveloped locations and 1 Bcfe from drilling activities.

- Had total positive revisions of approximately 4 Bcfe, comprised of a 4 Bcfe negative revision due to prices, a 2 Bcfe negative revision from changes in operating expenses, a 9 Bcfe positive revision from well performance and a 1 Bcfe positive revision from changes in ownership.

PUD Changes

- Converted approximately 29 Bcfe to proved developed reserves.
- Added approximately 12 Bcfe from additional proved undeveloped locations.
- Had total positive revisions of approximately 8 Bcfe, comprised primarily of a 9 Bcfe positive revision from well performance, a 2 Bcfe negative revision due to prices and a 1 Bcfe positive revision from changes in ownership.

2017 to 2018 Changes

- Added approximately 22 Bcfe of proved reserves, comprised primarily of 19 Bcfe from additional proved undeveloped locations as a result of a more detailed analysis from an updated development plan and a 3 Bcfe increase from drilling activities.
- Had negative revisions of approximately 85 Bcfe, comprised primarily of 59 Bcfe as a result of newly acquired 3D seismic data indicating additional geological faulting risks, which led to a reduction in proved undeveloped locations and some lateral lengths, 14 Bcfe, net, from changes in estimating lateral lengths of proved undeveloped locations as a result of more detailed analysis from an updated development plan, and 12 Bcfe due to loss of leases.
- Recorded positive revisions of approximately 1 Bcfe due to an increase in commodity prices.
- Acquired approximately 1 Bcfe of proved reserves through minor interest acquisitions.

Table V — Standardized Measure of Discounted Future Net Cash Flows Related to Proved Natural Gas Reserves

ASC 932 prescribes guidelines for computing a standardized measure of future net cash flows and changes therein relating to estimated proved reserves. Tellurian has followed these guidelines, which are briefly discussed below.

Future cash inflows and future production and development costs as of December 31, 2020, 2019 and 2018 were determined by applying the average of the first-day-of-the-month prices for the 12 months of the year and year-end costs to the estimated quantities of natural gas and condensate to be produced. Actual future prices and costs may be materially higher or lower than the prices and costs used. For each year, estimates are made of quantities of proved reserves and the future periods during which they are expected to be produced based on the continuation of the economic conditions applied for that year. Estimated future income taxes are computed using current statutory income tax rates, including consideration of the current tax basis of the properties and related carryforwards, giving effect to permanent differences and tax credits. The resulting future net cash flows are reduced to present value amounts by applying a 10% annual discount factor.

The assumptions used to compute the standardized measure are those prescribed by the FASB and do not necessarily reflect our expectations of actual revenue to be derived from those reserves or their present worth. The limitations inherent in the reserve quantity estimation process, as discussed previously, are equally applicable to the standardized measure computations since these estimates reflect the valuation process.

The following summary sets forth our future net cash flows relating to proved natural gas and condensate reserves based on the standardized measure (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Future cash inflows	$ 132,563	$ 534,577	$ 676,454
Future production costs	(34,624)	(102,268)	(105,341)
Future development costs	(71,557)	(287,111)	(264,239)
Future income tax provisions	—	(6,612)	(54,564)
Future net cash flows	26,382	138,586	252,310
Less effect of a 10% discount factor	(19,497)	(85,415)	(106,499)
Standardized measure of discounted future net cash flows	$ 6,885	$ 53,171	$ 145,811

Table VI — Changes in Standardized Measure of Discounted Future Net Cash Flows Related to Proved Natural Gas Reserves

The following table sets forth the changes in the standardized measure of discounted future net cash flows (in thousands):

December 31, 2017	$	88,202
Sales and transfers of gas and condensate produced, net of production costs		(1,773)
Net changes in prices and production costs		27,530
Extensions, discoveries, additions and improved recovery, net of related costs		13,334
Development costs incurred		545
Revisions of estimated development costs		9,663
Revisions of previous quantity estimates		12,991
Accretion of discount		11,112
Net change in income taxes		(9,472)
Purchases of reserves in place		844
Sales of reserves in place		—
Changes in timing and other		(7,165)
December 31, 2018	$	145,811
Sales and transfers of gas and condensate produced, net of production costs		(21,704)
Net changes in prices and production costs		(134,366)
Extensions, discoveries, additions and improved recovery, net of related costs		2,019
Development costs incurred		23,485
Revisions of estimated development costs		6,165
Revisions of previous quantity estimates		(12,660)
Accretion of discount		17,821
Net change in income taxes		28,316
Purchases of reserves in place		—
Sales of reserves in place		—
Changes in timing and other		(1,716)
December 31, 2019	$	53,171
Sales and transfers of gas and condensate produced, net of production costs		(20,211)
Net changes in prices and production costs		(58,136)
Extensions, discoveries, additions and improved recovery, net of related costs		—
Development costs incurred		—
Revisions of estimated development costs		—
Revisions of previous quantity estimates		26,133
Accretion of discount		5,725
Net change in income taxes		4,077
Purchases of reserves in place		—
Sales of reserves in place		—
Changes in timing and other		(3,874)
December 31, 2020	$	6,885

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
TELLURIAN INC.
PARENT COMPANY BALANCE SHEETS
(in thousands, except share and per share)

	Year Ended December 31,	
	2020	**2019**
ASSETS		
Cash and cash equivalents	$ 6,719	$ —
Prepaids and other	80	214
Loan note receivable from a subsidiary	606,859	499,504
Investments in subsidiaries	—	—
Property, plant and equipment, net	—	—
Total assets	$ 613,658	$ 499,718
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	$ 49	$ 939
Accrued liabilities	783	1,725
Borrowings	13,624	—
Payables due to subsidiaries	490,112	330,769
Total liabilities	504,568	333,433
Equity:		
Preferred stock, $0.01 par value, 100,000,000 authorized: 6,123,782 and 6,123,782 shares outstanding, respectively	61	61
Common stock, $0.01 par value, 800,000,000 and 400,000,000 authorized: 354,315,739 and 242,207,522 shares outstanding, respectively	3,309	2,211
Additional paid-in capital	922,042	769,639
Accumulated deficit	(816,322)	(605,626)
Total stockholders' equity	109,090	166,285
Total liabilities and stockholders' equity	$ 613,658	$ 499,718

The accompanying notes are an integral part of these condensed financial statements.

SCHEDULE I (Continued)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
TELLURIAN INC.
PARENT COMPANY STATEMENTS OF OPERATIONS
(in thousands)

	Year Ended December 31,		
	2020	2019	2018
Total revenues	$ —	$ —	$ —
Operating costs and expenses:			
Cost of sales	—	—	93
Development expenses	6,804	11,047	2,487
General and administrative expenses	12,636	20,498	4,618
Goodwill impairment	—	—	—
Total operating costs and expenses	19,440	31,545	7,198
Other income, net	49,863	63,090	—
Interest expense	(22,385)	—	2
Income (Loss) from operations before income taxes and equity in losses of subsidiaries	8,038	31,545	(7,200)
Income tax benefit (provision)	—	—	—
Net loss from operations before equity in losses of subsidiaries	$ 8,038	$ 31,545	$ (7,200)
Equity in losses of subsidiaries, net of tax	$ (218,734)	$ (183,312)	$ (118,545)
Net loss	$ (210,696)	$ (151,767)	$ (125,745)

The accompanying notes are an integral part of these condensed financial statements.

SCHEDULE I (Continued)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
TELLURIAN INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
Net cash provided (used) by operating activities	(99,685)	6,686	(123,976)
Cash flows from investing activities:	—	—	—
Cash flows from financing activities:			
Proceeds from the issuance of common stock	103,664	—	133,800
Equity offering costs	(3,989)	—	(4,090)
Proceeds from borrowings	50,000	—	—
Borrowings issuance costs	(2,612)	—	—
Borrowings principal repayments	(40,000)	—	—
Proceeds from warrants exercise	1,000	—	—
Tax payments for net share settlement of equity awards	(1,659)	(6,686)	(5,734)
Net cash provided (used) by financing activities	106,404	(6,686)	123,976
Net increase (decrease) in cash and cash equivalents	6,719	—	—
Cash and cash equivalents, beginning of period	—	—	—
Cash and cash equivalents, end of period	$ 6,719	$ —	$ —

The accompanying notes are an integral part of these condensed financial statements.

SCHEDULE I — CONTINUED
TELLURIAN INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1 — BASIS OF PRESENTATION

Tellurian Inc. is a Delaware corporation based in Houston, Texas ("Tellurian"), which wholly owns Driftwood LP Holdings LLC ("Driftwood LP Holdings"), which in turn wholly owns Driftwood Holdings LP ("Driftwood Holdings").

These condensed parent company financial statements reflect the activity of Tellurian as the parent company to Driftwood Holdings and have been prepared in accordance with Rules 5-04 and 12-04 of Regulation S-X, as the restricted net assets of Driftwood Holdings exceeds 25% of the consolidated net assets of Tellurian. This information should be read in conjunction with the consolidated financial statements of Tellurian included in this report under the caption Item 8, "Financial Statements and Supplementary Data."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Octávio Simões, the Company's Chief Executive Officer and President, in his capacity as principal executive officer, and Kian Granmayeh, the Company's Chief Financial Officer, in his capacity as principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2020, the end of the period covered by this report. Based on that evaluation and as of the date of that evaluation, these officers concluded that the Company's disclosure controls and procedures were effective, providing effective means to ensure that the information we are required to disclose under applicable laws and regulations is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. We made no changes in our internal control over financial reporting during the year ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. We periodically review the design and effectiveness of our disclosure controls, including compliance with various laws and regulations that apply to our operations both inside and outside the U.S. We make modifications to improve the design and effectiveness of our disclosure controls and may take other corrective action if our reviews identify deficiencies or weaknesses in our controls.

Management's Annual Report on Internal Control Over Financial Reporting

The management report called for by Item 308(a) of Regulation S-K is set forth in Item 8 of Part II of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the quarter ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Pursuant to Section 13(r) of the Exchange Act, if during the year ended December 31, 2020, we or any of our affiliates had engaged in certain transactions with Iran or with persons or entities designated under certain executive orders, we would be required to disclose information regarding such transactions in our annual report on Form 10-K as required under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (the "ITRSHRA"). Disclosure is generally required even if the activities were conducted outside the U.S. by non-U.S. entities in compliance with applicable law. During the year ended December 31, 2020, we did not engage in any transactions with Iran or with persons or entities related to Iran.

Total Delaware, Inc. and TOTAL S.A. have beneficial ownership of approximately 12% of the outstanding Tellurian common stock. Total Delaware, Inc. has the right to designate for election one member of Tellurian's Board of Directors. Total Delaware, Inc. will retain this right for so long as its percentage ownership of Tellurian voting stock is at least 10%. On March 20, 2020, TOTAL S.A. included information in its Annual Report on Form 20-F for the year ended December 31, 2019 (the "Total 2019 Annual Report") regarding activities during 2019 that require disclosure under the ITRSHRA. The relevant disclosures were reproduced in Exhibit 99.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 4, 2020 and are incorporated by reference herein. We have no involvement in or control over such activities, and we have not independently verified or participated in the preparation of the disclosures made in the Total 2019 Annual Report.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference from Tellurian's Definitive Proxy Statement with respect to its 2020 Annual Meeting of Stockholders to be filed not later than April 30, 2021.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from Tellurian's Definitive Proxy Statement with respect to its 2020 Annual Meeting of Stockholders to be filed not later than April 30, 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTER

The information required by this Item with respect to security ownership of certain beneficial owners and management is incorporated by reference from Tellurian's Definitive Proxy Statement with respect to its 2020 Annual Meeting of Stockholders to be filed not later than April 30, 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from Tellurian's Definitive Proxy Statement with respect to its 2020 Annual Meeting of Stockholders to be filed not later than April 30, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference from Tellurian's Definitive Proxy Statement with respect to its 2020 Annual Meeting of Stockholders to be filed not later than April 30, 2021.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following financial statements, financial statement schedules and exhibits are filed as part of this report:

1. *Financial Statements.* Tellurian's consolidated financial statements are included in Item 8 of Part II of this report. Reference is made to the accompanying Index to Financial Statements.
2. *Financial Statement Schedules.* Our financial statement schedules filed herewith are set forth in Item 8 of Part II of this report as follows: Schedule I — Condensed Financial Information of Registrant Tellurian Inc. All valuation and qualifying accounts schedules was omitted since the subject matter thereof is either not present or is not present in amounts sufficient to require submission of the schedule.
3. *Exhibits.* The exhibits listed below are filed, furnished or incorporated by reference pursuant to the requirements of Item 601 of Regulation S-K.

Exhibit No.	Description
1.1‡	Amended and Restated Distribution Agency Agreement, dated as of January 21, 2020, by and between Tellurian Inc. and Credit Suisse Securities (USA) LLC (incorporated by reference to Exhibit 1.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
1.2	Distribution Agency Agreement, dated as of March 2, 2020, among Tellurian Inc., Raymond James & Associates, Inc. and T.R. Winston & Company, LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on March 2, 2020)
3.1	Amended and Restated Certificate of Incorporation of Tellurian Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 22, 2017)
3.1.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Tellurian Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 10, 2020)
3.1.2	Certificate of Designations of Series C Convertible Preferred Stock of Tellurian Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 21, 2018)
3.2	Amended and Restated Bylaws of Tellurian Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on September 22, 2017)
4.1*	Description of Capital Stock
4.2	Indenture, dated as of April 29, 2020, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to Senior Unsecured Note due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 29, 2020)
4.3	Senior Unsecured Note due 2021, dated as of April 29, 2020, issued to High Trail Investments SA LLC (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on April 29, 2020)
4.4*	Warrant to Purchase Common Stock, dated as of April 29, 2020, issued to HT Investments MA LLC
4.5	Amended and Restated Warrant to Purchase Common Stock, dated as of September 21, 2020, issued to Nineteen77 Capital Solutions A LP (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 21, 2020)
4.6	Second Amended and Restated Common Stock Purchase Warrant, dated as of September 21, 2020, issued to Nineteen77 Capital Solutions A LP (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 21, 2020)
10.1	Voting Agreement, dated as of January 3, 2017, by and among Magellan Petroleum Corporation, Tellurian Investments Inc., Total Delaware, Inc., Charif Souki, the Souki Family 2016 Trust and Martin Houston (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 5, 2017)
10.1.1	Amendment No. 1 to the Voting Agreement, dated as of July 10, 2019, by and among Tellurian Inc., Tellurian Investments LLC, Total Delaware, Inc., Charif Souki, the Souki 2016 Family Trust and Martin Houston (incorporated by reference to Exhibit 10.1.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.2	Pre-emptive Rights Agreement, dated as of May 10, 2017, by and between Tellurian Inc. and Total Delaware, Inc. (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017)

Exhibit No.	Description
10.3††	Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2017)
10.3.1	Change Order CO-001, dated as of June 12, 2018, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018)
10.3.2††	Change Order CO-002, dated as of July 24, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.3.3††	Change Order CO-003, executed on July 24, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.3.4††	Change Order CO-004, executed on October 21, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.5.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.3.5††	Change Order CO-005, executed on December 17, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.5.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.3.6††*	Change Order CO-006, executed on October 20, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc.
10.4††	Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 2 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 13, 2017)
10.4.1	Change Order CO-001, dated as of June 12, 2018, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 2 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018)
10.4.2††	Change Order CO-002, executed on July 24, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 2 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.4.3††	Change Order CO-003, executed on October 21, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 2 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.6.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.4.4††	Change Order CO-004, dated as of January 21, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 2 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020)

Exhibit No.	Description
10.5††	Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 3 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on November 13, 2017)
10.5.1	Change Order CO-001, dated as of June 12, 2018, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 3 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018)
10.5.2	Change Order CO-002, executed on July 24, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 3 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.5.3††	Change Order CO-003, executed on October 21, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 3 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.7.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.5.4††	Change Order CO-004, dated as of January 21, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 3 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020)
10.6††	Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 4 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on November 13, 2017)
10.6.1	Change Order CO-001, dated as of June 12, 2018, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 4 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018)
10.6.2	Change Order CO-002, executed on July 24, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 4 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.6.3††	Change Order CO-003, executed on October 21, 2019, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 4 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.8.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.6.4††	Change Order CO-004, dated as of January 21, 2020, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 4 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Oil, Gas and Chemicals, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020)
10.7	Common Stock Purchase Agreement, dated as of April 3, 2019, by and between Tellurian Inc. and Total Delaware, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 3, 2019)
10.8††	Equity Capital Contribution Agreement, dated as of July 10, 2019, by and between Driftwood Holdings LP and Total Delaware, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019)
10.9††	LNG Sale and Purchase Agreement, dated as of July 10, 2019, by and between Tellurian Trading UK Ltd and Total Gas & Power North America, Inc. (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019)

Exhibit No.	Description
10.10	Form of Securities Purchase Agreement, dated as of February 11, 2020, by and between Tellurian Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 11, 2020)
10.11††	Securities Purchase Agreement, dated as of April 28, 2020, by and between Tellurian Inc. and the investor named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 28, 2020)
10.12	Form of Securities Purchase Agreement, dated as of July 22, 2020, by and between Tellurian Inc. and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 22, 2020)
10.13	Credit Agreement, dated as of September 28, 2018, by and among Tellurian Production Holdings LLC, as borrower, the lender parties thereto, Goldman Sachs Lending Partners LLC, as administrative agent, and J. Aron & Company LLC, as collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018)
10.13.1	Omnibus Amendment and Consent, dated as of November 29, 2018, by and among Tellurian Production Holdings LLC, as borrower, the lender parties thereto, Goldman Sachs Lending Partners LLC, as administrative agent, and J. Aron & Company LLC, as collateral agent and initial swap counterparty (incorporated by reference to Exhibit 10.8.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018)
10.13.2	Amendment No. 2 to Credit Agreement, dated as of May 6, 2019, by and among Tellurian Production Holdings LLC, as borrower, the lenders party thereto, Goldman Sachs Lending Partners LLC, as administrative agent, and J. Aron & Company LLC, as collateral agent (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019)
10.13.3	Amendment No. 3 to Credit Agreement, dated as of June 28, 2019, by and among Tellurian Production Holdings LLC, as borrower, the lenders party thereto, Goldman Sachs Lending Partners LLC, as administrative agent, and J. Aron & Company LLC, as collateral agent (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019)
10.13.4	Amendment No. 4 to Credit Agreement, dated as of December 23, 2019, by and among Tellurian Production Holdings LLC, as borrower, the lenders party thereto, Goldman Sachs Lending Partners LLC, as administrative agent, and J. Aron & Company LLC, as collateral agent (incorporated by reference to Exhibit 10.12.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019)
10.14	Credit and Guaranty Agreement, dated as of May 23, 2019, by and among Driftwood Holdings LLC, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019)
10.14.1	First Amendment to Credit and Guaranty Agreement, dated as of February 28, 2020, by and among Driftwood Holdings LP, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 28, 2020)
10.14.2	Second Amendment to Credit and Guaranty Agreement, dated as of March 23, 2020, by and among Driftwood Holdings LP, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 28, 2020)
10.14.3	Third Amendment to Credit and Guaranty Agreement, dated as of April 28, 2020, by and among Driftwood Holdings LLC, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on April 28, 2020)
10.14.4	Fourth Amendment to Credit and Guaranty Agreement, dated as of September 21, 2020, by and among Driftwood Holdings LP, as borrower, each of the guarantors party thereto, the lenders party thereto, and Wilmington Trust, National Association, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 21, 2020)
10.15	Parent Guaranty, dated as of September 28, 2018, by and between Tellurian Inc., as guarantor, and J. Aron & Company LLC, as collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018)
10.16†	Employment Letter Agreement by and between Tellurian Investments Inc. and Meg A. Gentle, dated as of August 31, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4/A filed on November 8, 2016)
10.17†	Employment Letter Agreement by and between Tellurian Investments Inc. and R. Keith Teague, dated as of September 23, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4/A filed on November 8, 2016)

Exhibit No.	Description
10.18†	Employment Letter Agreement by and between Tellurian Services LLC and Daniel A. Belhumeur, dated as of September 23, 2016 (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4/A filed on November 8, 2016)
10.19†	Employment Agreement, dated as of February 9, 2017, by and between Tellurian Services LLC and Antoine Lafargue (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 13, 2017)
10.20†	Employment Letter Agreement, by and between Tellurian Services LLC and Khaled Sharafeldin, dated as of January 9, 2017 (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017)
10.21†	Form of Indemnification Agreement (Officers) (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.22†	Form of Indemnification Agreement (Directors) (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019)
10.23†	Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 22, 2017)
10.23.1†	Restricted Stock Agreement pursuant to the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, dated as of February 13, 2017, by and between Tellurian Inc. and Antoine Lafargue (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 13, 2017)
10.23.2†	Form of Restricted Stock Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (U.S. Selected Senior Management) (Milestone-Based Vesting) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 31, 2018)
10.23.3†*	Form of Restricted Stock Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (U.S. Selected Senior Management)
10.23.4†	Form of Restricted Stock Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (Directors) (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019)
10.23.5†	Form of Restricted Stock Unit Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (U.S. Employees) (Time-Based Vesting) (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020)
10.23.6†	Form of Restricted Stock Unit Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (U.S. Employees) (Milestone-Based Vesting) (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020)
10.23.7†	Form of Stock Option Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (U.S. Selected Senior Management) (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017)
10.23.8†*	Stock Option Agreement pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, dated December 15, 2020, by and between Tellurian Inc. and Charif Souki
10.24†	Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on February 13, 2017)
10.24.1†	Form of Restricted Stock Amendment Letter regarding the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 13, 2017)
10.24.2†	Form of Notice of Grant and Restricted Stock Award Agreement pursuant to the 2016 Tellurian Investments Omnibus Incentive Plan (Milestone-Based Vesting) (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 13, 2017)
10.24.3†	Form of Amendment to Restricted Stock Agreement pursuant to the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (Employees) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017)
10.25†	Form of Construction Incentive Award Agreement (U.S. Selected Senior Management) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 23, 2018)
10.26†	Form of Construction Incentive Award Agreement (U.S. Employees) (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018)
10.27†	Form of Performance-based Retention Incentive Award Agreement (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020)
21.1*	Subsidiaries of Tellurian Inc.
23.1*	Consent of Deloitte & Touche LLP

Exhibit No.	Description
23.2*	Consent of Netherland, Sewell & Associates, Inc.
31.1*	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2*	Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Section 13(r) Disclosure (incorporated by reference to Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020)
99.2*	Summary Reserves Report of Netherland, Sewell & Associates, Inc.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

†† Portions of this exhibit have been omitted in accordance with Item 601(b)(2) or 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed. The registrant hereby agrees to furnish supplementally an unredacted copy of this exhibit to the Securities and Exchange Commission upon request.

‡ Certain schedules or similar attachments to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission upon request a copy of any omitted schedule or attachment to this exhibit.

ITEM 16. FORM 10-K SUMMARY

None.

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, thereunto duly authorized.

TELLURIAN INC.

Date: February 24, 2021 By: /s/ L. Kian Granmayeh
L. Kian Granmayeh
Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Date: February 24, 2021 By: /s/ Khaled A. Sharafeldin
Khaled A. Sharafeldin
Chief Accounting Officer
(as Principal Accounting Officer)
Tellurian Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Octávio M.C. Simões — Date: February 24, 2021
President and Chief Executive Officer, Tellurian Inc. (as Principal Executive Officer)

/s/ L. Kian Granmayeh — Date: February 24, 2021
L. Kian Granmayeh, Chief Financial Officer, Tellurian Inc. (as Principal Financial Officer)

/s/ Khaled A. Sharafeldin — Date: February 24, 2021
Khaled A. Sharafeldin, Chief Accounting Officer, Tellurian Inc. (as Principal Accounting Officer)

/s/ Charif Souki — Date: February 24, 2021
Charif Souki, Director and Executive Chairman, Tellurian Inc.

/s/ Martin J. Houston — Date: February 24, 2021
Martin J. Houston, Director and Vice Chairman, Tellurian Inc.

/s/ Jean P. Abiteboul — Date: February 24, 2021
Jean P. Abiteboul, Director, Tellurian Inc.

/s/ Diana Derycz-Kessler — Date: February 24, 2021
Diana Derycz-Kessler, Director, Tellurian Inc.

/s/ Dillon J. Ferguson — Date: February 24, 2021
Dillon J. Ferguson, Director, Tellurian Inc.

/s/ Jonathan S. Gross — Date: February 24, 2021
Jonathan S. Gross, Director, Tellurian Inc.

/s/ Brooke A. Peterson — Date: February 24, 2021
Brooke A. Peterson, Director, Tellurian Inc.

/s/ Don A. Turkleson — Date: February 24, 2021
Don A. Turkleson, Director, Tellurian Inc.

Exhibit 4.1

DESCRIPTION OF CAPITAL STOCK

The following is a description of each class of securities of Tellurian Inc. ("Tellurian" the "Company," "we," "us," or "our") that is registered under Section 12 of the Securities Exchange Act of 1934, as amended, and does not purport to be complete. For a complete description of the terms and provisions of such securities, refer to our amended and restated articles of incorporation, as amended by a certificate of amendment, our amended and restated by-laws, and the certificate of designations governing the shares of Tellurian Series C convertible preferred stock (the "Series C Preferred Shares"), which are incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on September 22, 2017, Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2020, Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on September 22, 2017, and Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 21, 2018, respectively. This summary is qualified in its entirety by reference to these documents.

Our amended and restated certificate of incorporation authorizes us to issue 800,000,000 shares of common stock, $0.01 par value per share, and 100,000,000 shares of preferred stock, $0.01 per share. As of February 9, 2021, 386,586,636 shares of our common stock were issued and outstanding and 6,123,782 Series C Preferred Shares were issued and outstanding. The rights of the holders of our common stock and Series C Preferred Shares are governed by the Delaware General Corporation Law (the "DGCL"), our amended and restated certificate of incorporation, our amended and restated by-laws and the certificate of designations governing the Series C Preferred Shares.

Common Stock

Voting Rights

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. Cumulative voting in the election of directors is not permitted. Under our amended and restated by-laws, unless otherwise provided in our amended and restated certificate of incorporation or the DGCL with respect to a specified action, matters to be voted on by stockholders are generally decided by a majority of the votes cast, except that contested elections of directors will be decided by a plurality vote. Our amended and restated by-laws provide that the presence at a stockholders' meeting of one-third of the voting power of our outstanding stock entitled to vote at the meeting will constitute a quorum.

Dividend and Distribution Rights

Holders of outstanding shares of our common stock are entitled to dividends when, as, and if declared by our board of directors out of funds legally available for the payment of dividends. As a Delaware corporation, we may pay dividends out of surplus or, if there is no surplus, out of net profits for the fiscal year in which a dividend is declared and/or the preceding fiscal year. In the event of our liquidation, dissolution, or winding up of our affairs, holders of our common stock will be entitled to receive ratably our net assets available to the stockholders.

Preemptive, Conversion and Redemption Rights

Holders of our outstanding common stock have no conversion or redemption rights. In addition, holders of our common stock have no preemptive rights under the DGCL. However, we have granted certain contractual pre-emptive rights. To the extent that additional shares of our common stock may be issued in the future, the relative interests of the then-existing stockholders may be diluted.

Registrar and Transfer Agent

Our registrar and transfer agent for all shares of common stock is Broadridge Corporate Issuer Solutions, Inc.

Preferred Stock Generally

Our amended and restated certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, covering up to an aggregate of 100,000,000 shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by our board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights and redemption rights.

Series C Convertible Preferred Stock

Voting Rights

Holders of the Series C Preferred Shares will be entitled to one vote for each Series C Preferred Share held on matters submitted to a vote of common stockholders.

Conversion

Holders of the Series C Preferred Shares may convert all or any portion of such shares for shares of Tellurian common stock on a one-for-one basis. At any time after "Substantial Completion" of "Project 1," each as defined in and pursuant to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC, a Delaware limited liability company and a subsidiary of Tellurian, and Bechtel Oil, Gas and Chemicals, Inc., or at any time after March 21, 2028, Tellurian has the right, at its option, to cause not less than all of the Series C Preferred Shares to be converted into shares of Tellurian common stock on a one-for-one basis. The conversion ratio will be subject to customary anti-dilution adjustments.

Dividends

The Series C Preferred Shares do not have dividend rights. Tellurian will be prohibited from paying dividends on its common stock so long as the Series C Preferred Shares remain outstanding.

Liquidation

In the event of any liquidation, dissolution or winding up of the affairs of Tellurian (a "Liquidation Event"), after payment or provision for payment of the debts and other liabilities of Tellurian, holders of the Series C Preferred Shares will be entitled to receive the greater of (i) an amount in cash equal to $8.16489 per share and (ii) the amount that would be received by the holders of the Series C Preferred Shares had such holders converted those shares into Tellurian common stock immediately prior to the Liquidation Event.

Priority

So long as any Series C Preferred Shares remain outstanding, Tellurian may not, without the consent of the holders of at least a majority of the Series C Preferred Shares, authorize the issuance of any class of shares that is pari passu with or senior to the Series C Preferred Shares in the payment of dividends or the distribution of assets following a Liquidation Event, except in limited circumstances.

Anti-Takeover Provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws

Our amended and restated certificate of incorporation and amended and restated by-laws also contain provisions that we describe in the following paragraphs, which may delay, defer, discourage, or prevent a change in control of us, the removal of our existing management or directors, or an offer by a potential acquirer to our stockholders, including an offer by a potential acquirer at a price higher than the market price for the stockholders' shares.

Among other things, our amended and restated certificate of incorporation and amended and restated by-laws:

- divide our board of directors into three classes serving staggered three-year terms, which could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors;
- provide that all vacancies on the board of directors, including newly created directorships, will, except as otherwise required by law, be filled by the vote of a majority of directors then in office;
- provide our board of directors with the ability to authorize currently undesignated preferred stock. This ability makes it possible for our board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences designated by the board that could have the effect of impeding the success of any attempt to change control of us;
- establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days, and not more than 120 days, prior to the first anniversary of the prior year's annual meeting (or, in the case of a special meeting, not less than 90 days or more than 120 days prior to the date of the meeting). Our amended and restated by-laws specify the information that must be included in a stockholder's notice. These requirements may prevent stockholders from bringing matters before the stockholders at an annual or special meeting;

- provide that stockholders may not act by written consent in lieu of a meeting unless the action, and the taking of such action by written consent, has been approved in advance by the board of directors;
- provide that stockholders are not permitted to call special meetings of stockholders. Only our chairman of the board, president, and the board of directors are permitted to call a special meeting of stockholders; and
- provide that our board of directors may alter, amend, or repeal our by-laws or approve new by-laws without further stockholder approval, and provide that a stockholder amendment to the by-laws requires a favorable vote of two-thirds of the voting power of all outstanding voting stock.

Anti-Takeover Provisions of Delaware Law

We are subject to the anti-takeover provisions of Section 203 of the DGCL. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Section 203 defines a "business combination" as a merger, asset sale, or other transaction resulting in a financial benefit to the interested stockholder. Section 203 defines an "interested stockholder" as a person who, together with affiliates and associates, owns, or, in some cases, within the three prior years did own, 15% or more of the corporation's voting stock. Under Section 203, a business combination between us and an interested stockholder is subject to the three-year moratorium unless:

- our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder prior to the date the person attained that status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, shares owned by persons who are directors and also officers and employee stock plans in which employee participants do not have the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or
- the business combination is approved by our board of directors on or subsequent to the date the person became an interested stockholder and authorized at an annual or special meeting of the stockholders by the affirmative vote of the holders of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

These provisions may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including by discouraging takeover attempts that might result in a premium over the market price for the shares of our stock and that are favored by the holders of a majority of our then-outstanding stock.

Tellurian Inc.

Warrant To Purchase Common Stock

Warrant No.: 002

Number of Shares of Common Stock: 20,000,000

Date of Issuance: April 29, 2020 ("**Issuance Date**")

Tellurian Inc., a corporation organized under the laws of Delaware (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HT Investments MA LLC, the registered holder hereof or its permitted and registered assigns (the "**Holder**"), is entitled, subject to the terms, conditions and adjustments set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the date that is six months following the Issuance Date (the "**Initial Exercisability Date**"), but not after 11:59 p.m., New York time, on the Expiration Date (as defined below), twenty million (20,000,000) duly authorized, validly issued, fully paid and non-assessable shares of Common Stock (as defined below), subject to adjustment as provided herein (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 20. This Warrant is one of the Warrants to Purchase Common Stock (the "**Warrants**") issued pursuant to (i) that certain Securities Purchase Agreement (the "**Securities Purchase Agreement**"), dated as of April 28, 2020 (the "**Subscription Date**"), by and between the Company, High Trail Investments SA LLC, a Delaware limited liability company, and the other parties from time to time party thereto, (ii) the Company's Registration Statement on Form S-3ASR (File number 333-235793) (the "**Registration Statement**") and (iii) the Company's prospectus supplement dated as of April 29, 2020.

1. EXERCISE OF WARRANT.

a. Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder on any Business Day and at any time or times on or after the Initial Exercisability Date, in whole or in part in increments of 25,000 Warrant Shares, by delivery (whether via electronic mail or otherwise in accordance with Section 8) of a duly completed and executed written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant. Within two (2) Trading Days following the delivery of the Exercise Notice, the Holder shall make payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or, if the provisions of Section 1(d) are applicable, by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(d)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, nor shall any ink-original signature or medallion guarantee (or other type of guarantee or notarization) with respect to any Exercise Notice be required. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares and the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Exercise Notice is delivered to the Company. On or before the first (1st) Trading Day following the date on which the Holder has delivered the applicable Exercise Notice, the Company shall transmit by electronic mail a duly executed and completed acknowledgment of confirmation of receipt of the Exercise Notice, in the form attached to the Exercise Notice, to the Holder and the Company's transfer agent (the "**Transfer Agent**"). So long as the Holder delivers the Aggregate Exercise Price (or notice of a Cashless Exercise, if applicable) on or prior to the first (1st) Trading Day following the date on which the Exercise

Notice has been delivered to the Company, then on or prior to the earlier of (i) the second (2nd) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case following the date on which the Exercise Notice has been delivered to the Company, or, if the Holder does not deliver the Aggregate Exercise Price (or notice of a Cashless Exercise, if applicable) on or prior to the first (1st) Trading Day following the date on which the Exercise Notice has been delivered to the Company, then on or prior to the first (1st) Trading Day following the date on which the Aggregate Exercise Price (or notice of a Cashless Exercise, if applicable) is delivered (such earlier date, or if later, the earliest day on which the Company is required to deliver Warrant Shares pursuant to this Section 1(a) (the "**Share Delivery Date**"), the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program ("**FAST**"), credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in FAST, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise. The Company shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Shares via DTC, if any, including without limitation for same day processing. Upon delivery of the Aggregate Exercise Price (or notice of Cashless Exercise, as applicable), the Holder shall be deemed for all corporate purposes to have become the holder of record and beneficial owner of the Warrant Shares with respect to which this Warrant has been exercised on the date of such delivery, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares, as the case may be. If this Warrant is physically delivered to the Company in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three (3) Trading Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather, the number of Warrant Shares to be issued shall be rounded to the nearest whole number. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent) which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to any applicable withholding or the issuance or delivery of the Warrant Shares to any Person other than the Holder, and no such issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid. The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof (except for consents and waivers provided pursuant to Section 9), the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination; provided, however, that the Company shall not be required to deliver Warrant Shares with respect to an exercise prior to the Holder's delivery of the Aggregate Exercise Price (or notice of a Cashless Exercise, if applicable) with respect to such exercise.

b. Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $1.542 per share, subject to adjustment as provided herein.

c. Company's Failure to Timely Deliver Securities. If either (I) the Company shall fail for any reason or for no reason on or prior to the applicable Share Delivery Date, if (x) the Transfer Agent is not participating in FAST, to issue to the Holder a certificate for the number of shares of Common Stock to which the Holder is entitled and register such Common Stock on the Company's share register or (y) the Transfer Agent is participating in FAST, to credit the Holder's balance account with DTC such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant or (II) a registration statement (which may be the Registration Statement) covering the issuance or resale of the Warrant Shares that are the subject of the Exercise Notice (the "**Exercise Notice Warrant Shares**") is not available for the issuance or resale, as applicable, of such Exercise Notice Warrant Shares and (x) the Company fails to promptly, but in no event later than two (2) Business Days after such registration statement becomes unavailable, to so notify the Holder and (y) the Company is unable to deliver the Exercise Notice Warrant Shares electronically without any restrictive legend by crediting such aggregate number of Exercise Notice Warrant Shares to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" (provided that no Notice Failure shall be deemed to have occurred if the Exercise Notice Warrant Shares are freely tradeable upon issuance to the Holder notwithstanding the unavailability of a registration statement and such shares do not bear any restrictive legend) and together with the event described in clause (I) above, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, if on or prior to the applicable Share Delivery Date either (I) (x) if the Transfer Agent is not participating in FAST and the Company shall have failed to issue and deliver a certificate to the Holder and register such shares of Common Stock on the Company's share register or, (y) if the Transfer Agent is participating in FAST and the Company shall have failed to credit the Holder's balance account with DTC the number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Company's obligation pursuant to clause (ii) below, or (II) if a Notice Failure occurs, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares issuable hereunder pursuant to such exercise and which the Holder anticipated receiving upon such exercise (a "**Buy-In**"), then the Company shall, within five (5) Trading Days after the Holder's request, (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue multiplied by (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of this Warrant as required pursuant to the terms hereof. The Company's current transfer agent participates in FAST. In the event that the Company changes transfer agents while this Warrant is outstanding, the Company shall use commercially reasonable efforts to select a transfer agent that participates in FAST. While this Warrant is outstanding, the Company shall request its transfer agent to participate in FAST with

respect to this Warrant. In addition to the foregoing rights, (i) if the Company fails to deliver the applicable number of Warrant Shares upon an exercise pursuant to Section 1 by the applicable Share Delivery Date, then the Holder shall have the right to rescind such exercise in whole or in part and retain and/or have the Company return, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the rescission of an exercise shall not affect the Company's obligation to make any payments that have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise, and (ii) if a registration statement (which may be the Registration Statement) covering the issuance or resale of the Warrant Shares that are subject to an Exercise Notice is not available for the issuance or resale, as applicable, of such Exercise Notice Warrant Shares and the Holder has submitted an Exercise Notice prior to receiving notice of the non-availability of such registration statement and the Company has not already delivered the Warrant Shares underlying such Exercise Notice electronically without any restrictive legend by crediting such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, the Holder shall have the option, by delivery of notice to the Company, to (x) rescind such Exercise Notice in whole or in part and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided that the rescission of an Exercise Notice shall not affect the Company's obligation to make any payments that have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise, and/or (y) subject to the provisions of Section 1(d), switch some or all of such Exercise Notice from a cash exercise to a Cashless Exercise. In addition to the foregoing, but subject in each instance to the limitations set forth in Section 1(i) below, if the Company fails for any reason to deliver to the Holder the Warrant Shares subject to an Exercise Notice by the third Trading Day following the Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the Weighted Average Price of the Common Stock on the date of the applicable Exercise Notice), $10 per Trading Day (increasing to $20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after the Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise.

d. Cashless Exercise. Notwithstanding anything contained herein to the contrary, if a registration statement (which may be the Registration Statement) covering the issuance or resale of the applicable Exercise Notice Warrant Shares is not available for the issuance or resale, as applicable, of such Exercise Notice Warrant Shares, then the Holder may, in its sole discretion, exercise this Warrant in whole or in part (in increments of 25,000 Warrant Shares in the case of a partial exercise of this Warrant) and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B= as applicable: (i) the Closing Sale Price of the Common Stock on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day, (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(68) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, or (3) both executed and delivered pursuant to Section 1(a) hereof during "regular trading hours" on a Trading Day, or (ii) the Closing Sale Price of the Common Stock on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

If Warrant Shares are issued in such a cashless exercise, the Company acknowledges and agrees that in accordance with Section 3(a)(9) of the Securities Act of 1933, as amended, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised, and the holding period of the Warrants being exercised may be tacked on to the holding period of the Warrant Shares. The Company agrees not to take any position contrary to this Section 1(d). Without limiting the rights of a Holder to receive Warrant Shares on a "cashless exercise," and to receive the cash payments contemplated pursuant to Sections 1(c) and 4(b), in no event will the Company be required to net cash settle a Warrant exercise. Any Cashless Exercise of this Warrant shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder by an amount equal to the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a Cashless Exercise and not the number of Warrant Shares actually received by the Holder.

e. Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 11.

f. Beneficial Ownership. Notwithstanding anything to the contrary contained herein, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in the aggregate in excess of 4.99% (the "**Maximum Percentage**") of the number of shares of Common Stock outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by the Holder and the other Attribution Parties shall include the number of shares of Common Stock held by the Holder and all other Attribution Parties plus the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or

warrants, including the other Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of this Section 1(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). For purposes of this Warrant, in determining the number of outstanding shares of Common Stock the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Company's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and Current Reports on Form 8-K or other public filing with the Securities and Exchange Commission (the "**SEC**"), as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding (the "**Reported Outstanding Share Number**"). If the Company receives an Exercise Notice from the Holder at a time when the actual number of outstanding shares of Common Stock is less than the Reported Outstanding Share Number, the Company shall (i) notify the Holder in writing of the number of shares of Common Stock then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of Warrant Shares to be purchased pursuant to such Exercise Notice (the number of shares by which such purchase is reduced, the "**Reduction Shares**") and (ii) as soon as reasonably practicable, the Company shall return to the Holder the Aggregate Exercise Price (or applicable portion thereof) paid by the Holder for the Reduction Shares. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of Common Stock to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding shares of Common Stock (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Holder the Aggregate Exercise Price (or applicable portion thereof) paid by the Holder for the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 4.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61^{st}) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the shares of Common Stock issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant. The Holder hereby acknowledges

and agrees that the Company shall be entitled to rely on the representations and other information set forth in any Exercise Notice and shall not be required to independently verify whether any exercise of this Warrant would cause the Holder (together with the other Attribution Parties) to collectively beneficially own in excess of the Maximum Percentage of the number of shares of Common Stock outstanding after giving effect to such exercise or otherwise trigger the provisions of this Section 1(f).

g. Required Reserve Amount. So long as this Warrant remains outstanding, the Company shall at all times keep reserved for issuance under this Warrant a number of shares of Common Stock at least equal to 100% of the maximum number of shares of Common Stock as shall be necessary to satisfy the Company's obligation to issue shares of Common Stock under the Warrants then outstanding (without regard to any limitations on exercise) (the "**Required Reserve Amount**"); provided that at no time shall the number of shares of Common Stock reserved pursuant to this Section 1(g) be reduced other than in connection with any exercise of Warrants or such other event covered by Section 2(c) below. The Required Reserve Amount (including, without limitation, each increase in the number of shares so reserved) shall be allocated pro rata among the holders of the Warrants based on the number of shares of Common Stock issuable upon exercise of Warrants held by each holder thereof on the Issuance Date (without regard to any limitations on exercise) (the "**Authorized Share Allocation**"). In the event that a holder shall sell or otherwise transfer any of such holder's Warrants, each transferee shall be allocated a pro rata portion of such holder's Authorized Share Allocation. Any shares of Common Stock reserved and allocated to any Person which ceases to hold any Warrants shall be allocated to the remaining holders of Warrants, pro rata based on the number of shares of Common Stock issuable upon exercise of the Warrants then held by such holders thereof (without regard to any limitations on exercise).

h. Insufficient Authorized Shares. If at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall promptly take all action reasonably necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this Warrant then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than ninety (90) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its commercially reasonable efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and the management of the Company shall recommend to the board of directors that it recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, with respect to any such Authorized Share Failure, if the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such consent and submitting for filing with the SEC an Information Statement on Schedule 14C. In addition to the foregoing, in the event of any Authorized Share Failure that results in the failure of the Company to deliver any shares of Common Stock that would have otherwise been deliverable pursuant to an Exercise Notice (such shares the "**Authorized Shares Failure Shares**"), (1) the Company will promptly pay to the Holder, as liquidated damages and not as a penalty, cash in an amount equal (i) to the product of (x) the number of such Authorized Shares Failure Shares; and (y) the Daily VWAP per share of Common Stock on the date the Holder delivered the applicable Exercise Notice hereunder (or, if such date is not a VWAP Trading Day, the immediately preceding VWAP Trading Day), *minus* (ii) if such exercise is not a cashless exercise the Aggregate Exercise Price applicable to such Authorized Shares Failure Shares, to the extent not previously paid; and (2) to the extent the Holder purchases (in an open market transaction or otherwise) shares of Common

Stock to deliver in settlement of a sale by the Holder of such Authorized Shares Failure Shares, the Company will reimburse the Holder for (x) any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection with such purchases and (y) the excess, if any, of (A) the aggregate purchase price of such purchases over (B) an amount equal to (i) the product of (I) the number of such Authorized Shares Failure Shares purchased by the Holder; and (II) the Daily VWAP per share of Common Stock on the date the Holder delivered the applicable Exercise Notice hereunder (or, if such date is not a VWAP Trading Day, the immediately preceding VWAP Trading Day), *minus* (ii) if such exercise is not a cashless exercise, the Aggregate Exercise Price applicable to such Authorized Shares Failure Shares, to the extent not previously paid.

i. Liquidated Damages Limitations. Notwithstanding anything to the contrary herein, (i) with respect to any particular Exercise Notice, the Holder shall not be entitled to recover any liquidated damages from the Company under Section 1(c) above in connection with any failure to deliver any Exercise Notice Warrant Shares to the Holder subject to such Exercise Notice until the aggregate liquidated damages for which the Company would otherwise be liable in respect of all failures to deliver Exercise Notice Warrant Shares hereunder (in the absence of this limitation) exceeds $25,000 (the "***LD Threshold***"), after which the Holder shall be paid the aggregate amount of all such liquidated damages in respect of all such failures to deliver Exercise Notice Warrant Shares hereunder from the first dollar thereof (including the amount of the LD Threshold), and (ii) the maximum aggregate liquidated damages (cumulatively, inclusive of any and all liquidated damages under Section 1(c)) for which the Company will be liable will in no event exceed the LD Cap.

j. Taxes. For income tax purposes, the Holder agrees that the Company may withhold from any amounts payable to the Holder or its permitted assignee or permitted transferee any taxes to be withheld from such amounts; provided that the Company shall reasonably cooperate with the Holder to reduce or eliminate the amounts required to be withheld.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

a. Intentionally omitted.

b. Voluntary Adjustment by Company. The Company may at any time during the term of this Warrant reduce the then-current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

c. Adjustment Upon Subdivision or Combination of Common Stock. If the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Subscription Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(c) shall become effective at the close of business on the date the subdivision or combination becomes effective.

3. RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 above, if, on or after the Subscription Date and on or prior to the Expiration Date, the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, options, evidence of indebtedness or any other assets by way of a dividend, spin-off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each

such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to such extent (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Distribution (and beneficial ownership) to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

a. Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time on or after the Subscription Date and on or prior to the Expiration Date the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issuance or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such Common Stock as a result of such Purchase Right (and beneficial ownership) to such extent) and such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right to be held similarly in abeyance) to the same extent as if there had been no such limitation.

b. Fundamental Transaction. In the event that the Company enters into a Fundamental Transaction, the Company shall deliver or cause to be delivered to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, which is exercisable for a corresponding number of shares of capital stock equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) (the "**Successor Entity Security**"). Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for the Company (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents

referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity to deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of common stock (or its equivalent) of the Successor Entity (including its Parent Entity) that the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, and without limiting Section 1(f) hereof, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to provide the Holder with the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the shares of the Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) (collectively, the "**Corporate Event Consideration**") that the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant). The provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder. The provisions of this Section 4(b) shall apply similarly and equally to successive Fundamental Transactions and Corporate Events. Notwithstanding the foregoing, in the event of a Change of Control, at the request of the Holder delivered before the 30th day after public disclosure of the consummation of such Change of Control by the Company pursuant to a Current Report on Form 8-K filed with the SEC, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within ten (10) Business Days after such request (or, if later, on the effective date of the Change of Control), an amount equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the effective date of such Change of Control, payable in cash; provided, however, that, if the Change of Control is not within the Company's control, including not approved by the Company's Board of Directors, Holder shall only be entitled to receive from the Company or any Successor Entity, as of the date of consummation of such Change of Control, the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Common Stock of the Company in connection with the Change of Control, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Change of Control; provided, further, that if holder of Common Stock are not offered or paid any consideration in such Change of Control, such holders of Common Stock will be deemed to have received common stock of the Successor Entity (which entity may be the Company following such Change of Control) in such Change of Control.

5. NONCIRCUMVENTION. The Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of

arrangement, dissolution, issuance or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the Warrants, the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the Warrants then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

a. Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, together with funds sufficient to pay any transfer taxes in connection with the making of such transfer, whereupon such compliance the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred. The Company shall not be obligated to pay any tax which may be payable with respect to any transfer (or deemed transfer) arising in connection with the registration of any certificates for Warrant Shares or Warrants in the name of any Person other than the Holder.

b. Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form (but without the obligation to post a bond) and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

c. Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender.

d. Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, including, without limitation, an Exercise Notice, unless otherwise provided herein, such notice shall be given in writing, (i) if delivered (a) from within the domestic United States, by first-class registered or certified airmail, or nationally recognized overnight express courier, postage prepaid, or by electronic mail or (b) from outside the United States, by International Federal Express, or by electronic mail, and (ii) will be deemed given (A) if delivered by first-class registered or certified mail domestic, three (3) Business Days after so mailed, (B) if delivered by nationally recognized overnight carrier, one (1) Business Day after so mailed, (C) if delivered by International Federal Express, two (2) Business Days after so mailed and (D) at the time of transmission, if delivered by electronic mail to each of the email addresses specified in this Section 8 prior to 5:00 p.m. (New York time) on a Trading Day, and (E) the next Trading Day after the date of transmission, if delivered by electronic mail to each of the email addresses specified in this Section 8 on a day that is not a Trading Day or later than 5:00 p.m. (New York time) on any Trading Day, and will be delivered and addressed as follows:

(i) if to the Company, to:
Tellurian Inc.
1201 Louisiana Street
Suite 3100
Houston, TX 77002
Attention: Legal
Email: legal.notices@tellurianinc.com

(ii) if to the Holder, at such address or other contact information delivered by the Holder to Company or as is on the books and records of the Company (provided that, with respect to the Holder, such notice may only be delivered via electronic mail or facsimile),

With a copy (for informational purposes only) to:

Latham & Watkins LLP
12670 High Bluff Drive
San Diego, CA 92130
Telephone: (858) 509-8427
Attention: Michael E. Sullivan, Esq.
Email: michael.sullivan@lw.com

The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant (other than issuances of shares of Common Stock upon exercise of this Warrant in accordance with the terms hereof), including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) promptly upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment, (ii) at least fifteen (15) days prior to the date on which the Company closes its books or the applicable record date (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances

or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property made pro rata to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation and (iii) ten (10) Business Days (or such shorter period as is reasonably practicable under the circumstances if the Company does not have 10 Business Days' prior notice) prior to the consummation of any Fundamental Transaction; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder, but only to the extent the information in such notice constitutes material non-public information regarding the Company or any of its subsidiaries.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, this Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that such party is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth with respect to such party in Section 8 above or such other address as such party subsequently delivers to the other party and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude a party hereto from bringing suit or taking other legal action against the other party hereto in any other jurisdiction to collect on its obligations or to enforce a judgment or other court ruling in favor of such party. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. **EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via electronic mail within two (2) Business Days of receipt of the Exercise Notice or other event giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via electronic mail (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the

Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and any other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the rights of the Holder or the Company to pursue actual damages for any failure by the other party to comply with the terms of this Warrant. Each of the Company and the Holder acknowledges that a breach by such party of its obligations hereunder will cause irreparable harm to the other party and that the remedy at law for any such breach may be inadequate. The Company and the Holder therefore agree that, in the event of any such breach or threatened breach, the other party shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

13. TRANSFER. Subject to transfer conditions referred to in the terms and conditions of the Securities Purchase Agreement, this Warrant and the Warrant Shares may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company in accordance with Section 7(a).

14. Securities Purchase Agreement. This Warrant and all Warrant Shares issuable upon exercise of this Warrant are and shall become subject to, and have the benefit of, the Securities Purchase Agreement, and the Holder shall be required, for so long as the Holder holds this Warrant or any Warrant Shares, to become and remain a party to the Securities Purchase Agreement.

15. SEVERABILITY; CONSTRUCTION; HEADINGS. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s). This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

16. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Warrant, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its subsidiaries, the Company shall contemporaneously with any such notice delivery date, publicly disclose such material, non-public information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its subsidiaries, the Company so shall indicate to the Holder in writing contemporaneously with the delivery of such notice (or promptly following receipt of such notice from the Holder, as applicable), and in the absence of any such written indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, non-public information relating to the Company or any of its subsidiaries.

17. ENTIRE AGREEMENT. This Warrant, together with the Securities Purchase Agreement, constitutes the sole and entire agreement of the parties to this Warrant with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Warrant and the Securities Purchase, the statements in the body of this Warrant shall control.

18. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company and that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

19. COUNTERPARTS. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

20. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

a. "**Affiliate**" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the exercise of voting power, by contract or otherwise.

b. "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Subscription Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company's Common Stock would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

c. "**Black Scholes Value**" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day immediately following the first public announcement of the applicable Change of Control, or, if the Change of Control is not publicly announced, the date the Change of Control is consummated, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to 100%, (iii) the underlying price per share used in such calculation shall be the highest Weighted Average Price during the five (5) Trading Days immediately prior to the consummation of such Change of Control, (iv) a remaining option time equal to the time between the date of the public announcement of the applicable Change of Control and the Expiration Date, and (v) a zero cost of borrow.

d. "**Bloomberg**" means Bloomberg Financial Markets.

e. "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

f. "**Capital Stock**" of any Person means any and all shares of, warrants or options or similar securities that provide a right to purchase or acquire, the equity of such Person, but excluding any debt securities convertible into such equity.

g. "**Change of Control**" means any Fundamental Transaction other than (i) any reorganization, recapitalization or reclassification of the Common Stock in which holders of the Company's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification, (ii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or (iii) a merger in connection with a bona fide acquisition by the Company of any Person or a merger of equals in which (x) the gross consideration paid, directly or indirectly, by the Company in such acquisition is not greater than 50% of the Company's market capitalization as calculated on the date of the announcement of such merger and (y) such merger does not contemplate a change to the identity of a majority of the board of directors of the Company. Notwithstanding anything herein to the contrary, any transaction or series of transaction that, directly or indirectly, results in the Company or the Successor Entity not having Common Stock or common stock, as applicable, registered under the 1934 Act and listed on an Eligible Market shall be deemed a Change of Control.

h. "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or on the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 11. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

i. "**Common Stock**" means (i) the Company's Common Stock, par value $0.01 per share, and (ii) any Capital Stock into which such Common Stock shall have been changed or any Capital Stock resulting from a reclassification of such Common Stock.

j. "**Convertible Securities**" means any capital stock or other security of the Company or any of its subsidiaries (other than Options) that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any capital stock or other security of the Company (including, without limitation, shares of Common Stock) or any of its subsidiaries.

k. "**Daily VWAP**" means, for any VWAP Trading Day, the per share volume-weighted average price of the Common Stock as displayed under the heading "Bloomberg VWAP" on Bloomberg page "TELL <EQUITY> VAP" (or, if such page is not available, its equivalent successor page) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such VWAP Trading Day (or, if such volume-weighted average price is unavailable, the market value of one share of Common Stock on such VWAP Trading Day, determined, using a volume-weighted average price method, by a nationally recognized independent investment banking firm selected by the Company). The Daily VWAP will be determined without regard to after-hours trading or any other trading outside of the regular trading session

l. "**Eligible Market**" means The Nasdaq Capital Market, the NYSE American LLC, The Nasdaq Global Select Market, The Nasdaq Global Market or The New York Stock Exchange, Inc.

m. "**Expiration Date**" means the date that is sixty (60) months after the Initial Exercisability Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market, the next day on which such trading occurs.

n. "**Fundamental Transaction**" means (A) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries (taken as a whole) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its shares of Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its shares of Common Stock, (B) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock not held by all such Subject Entities as of the Subscription Date calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate

ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their Common Stock without approval of the stockholders of the Company or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction. Notwithstanding the foregoing, the term "Fundamental Transaction" shall not include transactions consisting solely of issuances of equity interests in Driftwood Holdings LP (f/k/a Driftwood Holdings LLC), a Delaware limited partnership, or any successor entity thereto, or any related reorganizations or contributions of assets comprising the Driftwood LNG terminal, in connection with the financing of the construction of the Driftwood LNG terminal pursuant to a final investment decision in respect thereof.

o. "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

p. "**LD Cap**" means an amount equal to (a) $1,000,000,*multiplied by* (b) a fraction (i) the numerator of which is the initial total number of Warrant Shares in respect of which this Warrant may be exercised as of the Issuance Date, and (ii) the denominator of which is 20,000,000, in each case, as proportionately adjusted in accordance with the provisions of Section 2 hereof.

q. "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

r. "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common stock or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Holder, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Holder or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

s. "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

t. "**Principal Market**" means The Nasdaq Capital Market.

u. "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

v. "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Holder, the Company or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or one or more Person or Persons (or, if so elected by the Holder, the Company or the Parent Entity) with which such Fundamental Transaction shall have been entered into.

w. "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded.

x. "**Transaction Documents**" means any agreement entered into by and between the Company and the Holder in connection with or pursuant to this Warrant.

y. "**VWAP Market Disruption Event**" means, with respect to any date, (A) the failure by the principal U.S. national or regional securities exchange on which the Common Stock is then listed, or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, the principal other market on which the Common Stock is then traded, to open for trading during its regular trading session on such date; or (B) the occurrence or existence, for more than one half hour period in the aggregate, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the Common Stock or in any options contracts or futures contracts relating to the Common Stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m., New York City time, on such date.

z. "**VWAP Trading Day**" means a day on which (A) there is no VWAP Market Disruption Event; provided that the Holder, by notice to the Company, may waive any such VWAP Market Disruption Event; and (B) trading in the Common Stock generally occurs on the principal U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then traded. If the Common Stock is not so listed or traded, then "VWAP Trading Day" means a Business Day.

aa. "**Weighted Average Price**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest Closing Bid Price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 11 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction during the applicable calculation period.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of June 4, 2020.

Tellurian Inc.

By: /s/ Kian Granmayeh
Name: Kian Granmayeh
Title: Chief Financial Officer

[Signature page to Warrant]

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS

WARRANT TO PURCHASE COMMON STOCK

Tellurian Inc.

The undersigned holder hereby exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Tellurian Inc., a corporation organized under the laws of Delaware (the "**Company**"), evidenced by the attached Warrant to Purchase Common Stock (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

4. Maximum Percentage Representation. Notwithstanding anything to the contrary contained herein, this Exercise Notice shall constitute a representation by the Holder that, after giving effect to the exercise provided for in this Exercise Notice, the Holder (together with the other Attribution Parties) will not have beneficial ownership of a number of shares of Common Stock in excess of the Maximum Percentage of the total outstanding shares of Common Stock of the Company as determined pursuant to the provisions of Section 1(f) of the Warrant and utilizing a Reported Outstanding Share Number (as provided or reported by the Company, as applicable) equal to _____.

Date: _____ __, _____

_____

Name of Registered Holder

By: _____

Name:

Title:

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs [TRANSFER AGENT] to issue the above indicated number of shares of Common Stock on or prior to the applicable Share Delivery Date.

TELLURIAN INC.

By: _____
Name:
Title:

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

CHANGE ORDER FORM

PROJECT NAME: Driftwood LNG Phase 1

OWNER: Driftwood LNG LLC

CONTRACTOR: Bechtel Oil, Gas and Chemicals, Inc.

CHANGE ORDER NUMBER: CO-006

DATE OF AGREEMENT: 10 November 2017

DATE OF CHANGE ORDER: October 20, 2020

The Agreement between the Parties listed above is changed as follows:

Per Section **6.1.B** of the **Phase 1 EPC Agreement**, Parties agree to modify the Scope of Work and Agreement as detailed below:

I. LAYDOWN SCOPE ALIGNMENT

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit D Phase 1 Scope Trend S1-0027 (Laydown Scope Alignment).

B. EPC Agreements Terms Modifications

The Parties agree that **Attachment 25** of the **Phase 1 EPC Agreement** is replaced in its entirety by Exhibit E.

The Parties agree that **Section 2 of Attachment 21** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

	Description of Equipment/Components/Personnel Supplied	**Date Supplied or to be Supplied**
2.15	a) Provide expansion of (i) Burton Shipyard Road including all associated utilities, easements, etc. so as to provide access to the Site according to the indicative standard in Exhibit 21-1. Owner is responsible for the construction of the Burton Shipyard Road from Highway 27 to approximately 3040 feet east of Global Drive intersection and (ii) Highway 27 including all associated utilities, easements, etc. so as to provide access to the Site according to the indicative standard in Exhibit 21-2. 180 Days after NTP or upon completion of Burton Shipyard Road, whichever is earlier, is considered as the "Road Improvement Period". During the Road Improvement Period, Owner will ensure that two (2) lanes of traffic remain open for Contractors use of the portion of Burton Shipyard Road from Highway 27 to approximately 3040 feet east of Global Drive intersection to provide access to the Site according to the indicative standard in Exhibit 21-1. b) Convert Global Drive to private road from approximately twenty (20) feet south of the cemetery entrance to the Liquefaction Facility c) Convert Burton Shipyard Road to private road from, as a minimum, the location of the permanent plant gate house to east end at Calcasieu River bank. Parties will use reasonable efforts to implement this conversion as close as possible to intersection of Global Drive and Burton Shipyard Road.	Item a): 180 days after NTP; b): NTP c): NTP d): NTP

	Description of Equipment/Components/Personnel Supplied	Date Supplied or to be Supplied
	[***]	
2.27	Those portions of the Driftwood pipeline, [***] pipeline, and the re-routed section of the [***] pipeline, that are within the Site boundary for Phase1 shall be installed at a depth sufficient to accommodate heavy traffic above ground at all locations and loads shall include anticipated construction works (e.g.; concrete trucks, heavy haul, heavy delivery, crane movements, aggregate stockpiles, etc.). Such loads will be provided by Bechtel prior to pipeline installation. Owner will require of each third party pipeline that when reestablishing grade post-pipeline installation, that the ground bearing pressure below the top-soil layer should not be less than 2000 psf with appropriate provisions like flowable fill or similar materials or techniques at points where the new pipelines are coming to the surface and are located within the Site boundary. Contractor will be entitled to cost and schedule relief in the event that the newly installed pipelines above do not meet the above criteria and have a demonstrable impact to the Project cost or schedule.	NTP for re-routed section on the [***] pipeline and NTP + [***] months for the Driftwood, and [***] pipelines
2.28	For those portions of the Driftwood pipeline, [***] pipeline, and the re-routed section of the [***] pipeline, that are within the Site boundary for Phase 1, Owner will assist Contractor with obtaining any required permissions from the associated pipeline owner for buried pipeline crossing during performance of the Work. Contractor will be entitled to cost and schedule relief in the event that any required permission to cross the newly installed pipelines is not given and has a demonstrable impact to the Project cost or schedule.	Ongoing requirement
2.29	Calculations, design information or other regulatory requirements associated with crossing the portions of the Driftwood pipeline, [***] pipeline, and the re-routed section of the [***] pipeline, that are within the Site boundary for Phase 1, shall be provided by Owner, with Bechtel providing data associated with construction loads.	Ongoing requirement

C. Commercial Impacts

The Parties agree that the Contract Price will be decreased by $15,641,726 (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in Section I.A and I.B of this Change Order. Louisiana Sales and Use Taxes are included in Section X of this Change Order.

II. PDS LAYOUT CHANGE AND DELETION OF ADMIN BUILDING

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit F Phase 1 Scope Trend S1-0130 (PDS Layout Change and Deletion of Admin Building).

B. EPC Agreements Terms Modifications

The Parties agree that Attachment 25 of the Phase 1 EPC Agreement is replaced in its entirety by Exhibit E.

The Parties agree that Section 22 of Table 1-1-1 of Attachment 1 of the Phase 1 EPC Agreement is modified (red text are additions and ~~strikethrough~~ text are deletions) as follows to the extent that it applies to Phase 1 Scope Trend S1-0130 (PDS Layout Change and Deletion of Admin Building).

#	Scope Description	Project 1	Project 2	Project 3	Project 4	Project 5	Remarks
22	Admin Building	~~Y~~					To be located off Site and responsibility by Owner

C. Commercial Impacts

The Parties agree that the Contract Price will be decreased by **$5,284,582** (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in **Section II.A and II.B** of this Change Order. Louisiana Sales and Use Taxes are included in **Section X** of this Change Order.

III. MUNICIPAL WATER DELIVERY PRESSURE

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit G Phase 1 Scope Trend S1-0145 (Municipal Water Delivery Pressure). Contractor confirms sufficient power is available in the system design to add the municipal water pumps and there is adequate space in the control building's electrical room/electrical gear to add the necessary equipment to power the municipal water pumps. Therefore, Trend S1-0145's assumption around availability of power and equipment room is resolved.

B. EPC Agreements Terms Modifications

The Parties agree that **Section 5.15.2 of Attachment 1 Schedule 1-1** of the **Phase 1 EPC Agreement** and **Section I of Driftwood LNG Phase 1 Change Order CO-002** is modified (red text are additions and ~~strikethrough~~ text are deletions) as follows. Further scope details of this change are enclosed as Exhibit G Phase 1 Scope Trend S1-0145 (Municipal Water Delivery Pressure).

"Owner shall provide a pipeline for Contractor's use to connect to the municipal water supply in accordance with Exhibit C of Driftwood LNG Phase 1 Change Order number CO-002. ~~Exhibit C of Driftwood LNG Phase 1 Change Order number CO-002 supersedes water tie-in information in Attachment 25, Exhibit 25-1~~. Tie-in descriptions to municipal water supply are described in Exhibit G of Driftwood LNG Phase 1 Change Order number CO-006 and are listed below:

1. *Connection number 1: Owner shall be responsible for installation of a 6" header 150# tie-in north of building parking lot area for municipal water, as depicted on Exhibit C of Driftwood LNG Phase 1 Change Order number CO-002, required for potable uses for the Liquefaction Facility and pay for same. This tie-in will have the capacity to supply 100 gpm at a minimum pressure of ~~50~~ 40 psig. A meter will be installed adjacent to the public portion of Burton Shipyard Road.*
2. *Connection number 2: Owner shall be responsible for installation of a 12" header 150# tie-in for well water required for fire/Demin/utility water use, as depicted on Exhibit C of Driftwood LNG Phase 1 Change Order number CO-002, for the Liquefaction Facility and pay for same. This tie-in will have the capacity to supply 1375 gpm at a minimum pressure of 50 psig.*
3. *Connection number 3: Owner shall be responsible for installation 2" header 150# potable water connection (from 6" header referenced in connection number 1) for Main Guard House. The tie in point will be just south of Main Guard House as depicted on Exhibit C of Driftwood LNG Phase 1 Change Order number CO-002. This tie-in will have the capacity to supply at a minimum pressure of ~~50~~ 40 psig*
4. *Connection number 4: Contractor shall be responsible for installation of a tie-in and meter for municipal water required for construction water and pay for same. Contractor will use the existing 6" header along Burton Shipyard Road and this tie-in will have the capacity to supply a minimum 250 gpm at a minimum pressure of ~~50~~ 40 psig. Contractor shall use this connection to provide and distribute water for construction activities on the Site through all Phases of construction. Owner will not demolish or remove this 6" line prior to completion of all Phases of construction.*
5. *Connection number 5: Contractor shall be responsible for installation of a tie-in and meter for municipal water required for construction water and pay for same. Contractor will use the existing 10" header along Global Drive and this tie-in will have the capacity to supply a minimum of 250 gpm at a minimum pressure of ~~50~~ 40 psig. Contractor shall use this connection to provide and distribute water for construction activities on the Site through all Phases of construction. Owner will not demolish or remove this 10" line prior to completion of all Phases of construction.*
6. *Owner will supply and install water wells off-site to meet water requirements as described above. Owner will provide water (quantity, quality, and delivery conditions) as specified in Exhibit C of Driftwood LNG Phase 1 Change Order number CO-002. Contractor shall be entitled to a Change Order should field verification warrant modifications to the existing design in order to meet the required flowrates and quality for the firewater and utility/process water systems. Owner will allow Contractor to use excess well water, assuming wells are first used to supply all appropriate Liquefaction Facility operation uses, for construction purposes*

for all Projects."

C. Commercial Impacts

The Parties agree that the Contract Price will be increased by **$697,181** (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in **Section III.A and III.B** of this Change Order. Louisiana Sales and Use Taxes are included in **Section X** of this Change Order.

IV. PERMANENT BUILDING OPTIONS

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit H Phase 1 Scope Trend S1-0142 (Permanent Building Options).

B. EPC Agreements Terms Modifications

The Parties agree that Sections 30 and 32 of **Table 1-1-1 of Attachment 1** and of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows to the extent that it applies to Phase 1 Scope Trend S1-0142 (Permanent Building Options).

#	Scope Description	Project 1	Project 2	Project 3	Project 4	Project 5	Remarks
30	Lubricant Storage ~~Shed~~	Y					Not a stand-alone structure. To be combined in Chemicals Storage
32	Gas Cylinders Storage ~~Shed~~	Y					Not a stand-alone structure. To be combined in Chemicals Storage

C. Commercial Impacts

The Parties agree that the Contract Price will be decreased by **$127,089** (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in **Section IV.A and IV.B** of this Change Order. Louisiana Sales and Use Taxes are included in **Section X** of this Change Order.

V. LOADING ARM CONSTANT POSITIONING MONITORING SYSTEM (CPMS)

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit I Phase 1 Scope Trend S1-0132 (Loading Arm Constant Position Monitoring System).

B. EPC Agreements Terms Modifications

None.

C. Commercial Impacts

The Parties agree that the Contract Price will be increased by **$16,753 and EUR 33,000** (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in **Section V.A and V.B** of this Change Order. Louisiana Sales and Use Taxes are included in **Section X** of this Change Order.

VI. ADDITION OF FM200 FIRE SUPPRESSION SYSTEM TO SUBSTATION BUILDINGS

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit J Phase 1 Scope Trend S1-0107 (Addition of FM200 Fire Suppression System to Substation Buildings).

B. EPC Agreements Terms Modifications

None.

C. Commercial Impacts

The Parties agree that the Contract Price will be increased by **$764,447** (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in **Section VI.A and VI.B** of this Change Order. Louisiana Sales and Use Taxes are included in **Section X** of this Change Order.

VII. CARD ACCESS TO SUBSTATION BUILDINGS

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit K Phase 1 Scope Trend S1-0176 (Card Access to Substation Buildings).

B. EPC Agreements Terms Modifications

None.

C. Commercial Impacts

The Parties agree that the Contract Price will be increased by **$390,566** (excludes Louisiana Sales and Use Taxes) as full compensation for all changes listed in **Section VII.A and VII.B** of this Change Order. Louisiana Sales and Use Taxes are included in **Section X** of this Change Order.

VIII. CAPITAL SPARES RECONCILIATION

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit L Phase 1 Scope Trend S1-0111 (Capital Spares Reconciliation).Parties have agreed to the Capital Spare Parts List for Phase 1 in Exhibit L Phase 1 Scope Trend S1-0111 (Capital Spares Reconciliation).

B. EPC Agreements Terms Modifications

The Parties agree that the below excerpt of **Section 2.6 (Capital Spare Part Provisional Sum) of Attachment 31** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

*"The Aggregate Provisional Sum contains a Provisional Sum of ~~[***] U.S. Dollars (U.S. $[***])~~ [***] U.S. Dollars ($[***]) for home office services, supply and delivery of Capital Spare Parts **("Capital Spare Part Provisional Sum")**."*

C. Commercial Impacts

The Parties agree that the Contract Price will be decreased by **$12,592,277** and increased by **EUR 6,452,900** in recognition of the changes listed in **Section VIII.A and VIII.B** of this Change Order.

The Parties agree that the Aggregate Provisional Sum will be decreased by **$15,000,000** in recognition of the changes listed in **Section VI.B** of this Change Order and as outlined in Exhibit L Scope Trend S1-0111 (Capital Spares Reconciliation).

IX. CAPITAL SPARES STORAGE AND PRESERVATION

A. Scope Adjustments

The Parties agree the Scope of Work will be adjusted as outlined in Exhibit M Phase 1 Scope Trend S1-0157 (Capital Spares Storage and Preservation).

B. EPC Agreements Terms Modifications

The Parties agree that **Section 3.4.B** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

*"B. **Capital Spares.** With respect to each of Project 1 and Project 2, ~~not later than three hundred sixty days (360) Days prior to the Guaranteed Substantial Completion Date for the relevant Project,~~ Contractor shall deliver to Owner ~~a detailed list of all~~ manufacturer and Contractor-recommended capital spare parts in accordance with Exhibit L of Driftwood LNG Phase 1 Change Order number CO-006 ~~for operating and maintaining all Equipment (including components and systems of such Equipment) for two (2) years following Substantial Completion of the relevant Project~~ ("**Capital Spare Parts**"). ~~Within thirty (30) Days from Contractor's submission of such list, Owner shall specify in writing which items on the list it wishes Contractor to purchase and whether such items are requested to be delivered to the Site prior to Substantial Completion or Final Completion. Within a further thirty (30) Days, Contractor shall confirm the extent to which it is able to comply with Owner's request and shall submit to Owner the final list of Capital Spare Parts to be purchased.~~ The list of Capital Spare Parts to be procured by Contractor and delivered to Owner ("**Capital Spare Parts List**") shall be in accordance with Exhibit L of Driftwood LNG Phase 1 Change Order number CO-006 ~~shall be mutually agreed upon via a Change Order.~~ Notwithstanding anything to the contrary in this Agreement, delivery of all Capital Spare Parts is not a condition precedent to Substantial Completion of each Project, and Contractor shall not be deemed in default if such Capital Spare Parts are not delivered to the Site prior to*

Substantial Completion. Prior to and as a condition to achieving Final Completion, Contractor shall deliver to the Site all Capital Spare Parts required to be delivered to the Site prior to Final Completion as set forth in the Capital Spare Parts List. ~~The Capital Spare Parts List shall include all information specified in Attachment 23~~ A Provisional Sum for the cost of Capital Spare Parts is included in the Contract Price as set forth in Attachment 31."

C. Commercial Impacts

The Parties agree that the Contract Price will be increased by **$830,703** as full compensation for all changes listed in **Section IX.A and IX.B** of this Change Order.

X. TAXES

A. Scope Adjustments

None.

B. EPC Agreements Terms Modifications

Due to changes in **Section I through Section IX** of this Change Order, the Parties agree that the below excerpt of **Section 2.7 (Louisiana Sales and Use Taxes Provisional Sum) of Attachment 31** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

"*The Aggregate Provisional Sum contains a Provisional Sum of ~~[***] U.S. Dollars (U.S. $[***])~~ [***] U.S. Dollars ($[***]) for Louisiana Sales and Use Taxes arising in connection with the Work **("Louisiana Sales and Use Taxes Provisional Sum")**."*

C. Commercial Impacts

The Parties agree that the Contract Price will be decreased by **$304,748** in recognition of the changes listed in **Section X.B** of this Change Order.

The Parties agree that the Aggregate Provisional Sum will be decreased by **$304,748** in recognition of the changes listed in **Section X.B** of this Change Order.

XI. DREDGE INCENTIVE

A. EPC Agreements Terms Modifications

The Parties agree that **Attachment 31 (Provisional Sums), Section 2.2 (Marine Dredging Provisional Sum)** of the **Driftwood LNG Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

*"The Aggregate Provisional Sum contains a Provisional Sum of [***] U.S. Dollars (U.S. [***]) for performance of the marine dredging, the transportation of the dredge material, and the placement of the dredge material in an offsite location **("Marine Dredging Provisional Sum")**. This work is defined in the FEED documentation. The Marine Dredging Provisional Sum is based on an estimated 3,054,400 cubic yards of material to be dredged, transported, and placed. Dredging is to take place in the LNG berth area, materials offloading facility (MOF) area and pioneer dock areas. The Marine Dredging Provisional Sum includes materials from the dredge program that will either be placed in the beneficial use areas as provided by Owner (material from LNG berths) or placed on-shore for disposal by Contractor (MOF and pioneer dock areas). The Marine Dredging Provisional Sum includes contouring the berth slopes and all offshore work to excavate/contour the marine berths, and maintenance dredging on the operating marine basin to its design depth prior to handover of the marine facility if necessary. The Marine Dredge Provisional Sum also includes additional direct and indirect costs associated with the implementation, oversight, and tracking of the work contained within this provisional sum.*

*If the actual cost incurred by Contractor for the performance of the marine dredging, the transportation of the dredge material, and the placement of the dredge material Work under this Agreement is less than the Marine Dredging Provisional Sum, Owner shall be entitled to a Change Order reducing the Contract Price by such difference and [***%] of such difference. If the actual cost incurred by Contractor for the performance of the marine dredging, the transportation of the dredge material, and the placement of the dredge material Work under this Agreement is greater than the Marine Dredging Provisional Sum, Contractor shall be entitled to a Change Order increasing the Contract Price by such difference and [***%] of such difference.*

The Marine Dredging Provisional Sum, as of the Contract Date, is based on the Work description set forth in the FEED documents and quantities referenced above. In the event that the performance of the Work exceeds such quantities or otherwise varies from the assumptions specified in this Section 2.2 and such variances adversely affect Contractor's ability to perform the Work in accordance with the Project Schedule, Contractor shall be entitled to an

extension to the applicable Target Substantial Completion Dates and Guaranteed Substantial Completion Dates in accordance with Section 6.9 of this Agreement. Notwithstanding the foregoing, Owner may, at any time, instruct Contractor to undertake commercially and technically reasonable efforts to overcome such delay (through additional labor and Equipment crews, shifts, etc.).

In order to incentivize Contractor to maximize its dry excavation program, Owner will share with Contractor cost savings (as more specifically described below) associated with dredging, transporting, and placing materials in the Beneficial Use of Dredged Material (BUDM) locations for all actual dredge quantities less than the following estimates:

EPC Project Phase	*Base Estimated Dredge Quantity (Cubic Yards)*
Phase 1	*2,875,000*
Phase 2	*1,495,000*
Phase 3	*2,185,000*
Total	*6,555,000*

The above Base Estimated Dredge Quantities are a subset of the total dredge program as they exclude the dredge quantities at the Marine Offloading Facility (MOF) and pioneer dock locations. Prior to any dry excavation, the Base Estimated Dredge Quantity for calculation of the incentive shall be updated based on the initial survey completed by the marine dredge contractor minus the original dry-ex quantity. Actual Dredge Quantities will be determined by a marine survey completed by the marine dredge contractor before and after executing the dredge scope for each of the respective phases of the dredge program and used as a basis for payment to the marine dredge contractor. The payment of the incentive shall be based on Actual Dredge Quantity underruns relative to the updated Base Estimated Dredge Quantity, if any, for each Project Phase.

Specifically, in full recognition of the cost savings incentive, for each cubic yard of Actual Dredge Quantity less than the updated Base Estimated Dredge Quantity, Owner shall pay Contractor a Dredge Cost Reduction Incentive equal to U.S. $[***] per Cubic Yard multiplied by the updated Estimated Dredge Quantity minus the Actual Dredge Quantity. The value of the Dredge Cost Reduction Incentive shall be determined at the completion of the overall dredge program and added to the Driftwood Phase 1 EPC Agreement Contract Price by Change Order. This Dredge Costs Reduction Incentive adjustment of the Driftwood Phase 1 EPC Agreement Contract Price is separate from the Marine Dredging Provisional Sum adjustment as described above. In the event Owner does not release all phases of dredge program Work for each of the respective Projects, Owner shall pay Contractor a Dredge Cost Reduction Incentive equal to U.S. $13.925 per Cubic Yard multiplied by the updated Estimated Dredge Quantity minus the Actual Dredge Quantity of each of the respective dredge phases that are released."

XII. ONSITE MATERIAL DISPOSAL

A. EPC Agreement Terms Modifications

The Parties agree that **Section 5.2 of Attachment 1 Schedule 1-1** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

"Sitework activities will suppress, but will not eliminate, all dust with water trucks. Contractor shall permanently place excess excavation spoils on Site in the Topsoil Placement Area, as shown in Attachment 25 as modified in Change Order number CO-006 to the Driftwood LNG Phase 1 EPC Agreement, and the lake on the Lawton land. All excess excavation spoils that require offsite disposal will be transported by Contractor to licensed offsite disposal facilities as required. Contractor will notify Owner of proposed offsite licensed disposal facilities at least 14 days prior to transportation of the spoils to the disposal facility. Owner shall be responsible for providing any required notifications to regulatory authorities. Contractor assumes all excavation spoils will be composed of clean fill, in situ soils, or broken-up residual concrete."

The Parties agree that **Section 5.18 of Attachment 1 Schedule 1-1** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows.

"Where grass is indicated on the design drawings, the grass will be an indigenous variety that will grow under the local conditions at Site. Where exclusion zones or ponds are specified, these areas will be left "as-is" and not improved. The lake on the Lawton land and the Topsoil Placement Area, as shown in Attachment 25 as modified in Change Order number CO-006 to the Driftwood LNG Phase 1 EPC Agreement, will be filled with uncontaminated soils, and dredge materials/spoils, etc. as required during construction. All clearing material, grubbing material, stripping material, organics, etc. shall be mulched on Site to a suitable consistency before being used for such

purposes. Otherwise no final grade or condition of either the lake or the Topsoil Placement Area is specified. No landscaping is included for the Site apart from the requirement that areas of raw earth are to be suitably revegetated as required. Security fencing will be used to secure access to the facility. Contractor's Drawings and Specifications for placement of spoils in the Topsoil Placement Area shall be submitted for Owner approval in accordance with the Agreement. Any Defects with respect to Contractor's Work with respect to the Topsoil Placement Area will be addressed in accordance with Article 12 of the Agreement. Contractor is responsible for coordination with and the crossing of the [***] to place material in the Topsoil Placement Area."

XIII. EPC Agreement Term Limit

A. Scope Adjustments

None

B. EPC Agreement Terms Modifications

The Parties agree that the below excerpt of **Section 16.7** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

"Termination in the Event of Delayed Notice to Proceed. In the event Owner fails to issue the NTP in accordance with Section 5.2B by March 30, 2022~~2021~~ (as may be extended by mutual agreement by the Parties), then either Party shall have the right to terminate this Agreement by providing written notice of termination to the other Party, to be effective upon receipt by the other Party. In the event of such termination, Contractor shall have the rights (and Owner shall make the payments) provided for in Section 16.2, except that, in respect of loss of profit, Contractor shall only be entitled to a lump sum equal to U.S.$5,000,000."

C. Commercial Impacts

None

XIV. CONTRACT PRICE ADJUSTMENTS

The Parties agree that **Section 7.1 (Contract Price)** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows:

"As compensation in full to Contractor for the full and complete performance of the Work and all of Contractor's other obligations under this Agreement, Owner shall pay and Contractor shall accept ~~Seven Billion Four Hundred Million Two Hundred and Fifty Four Thousand Nine Hundred and Seventy Two U.S. Dollars ($7,400,254,972)~~ Seven Billion Three Hundred Sixty Nine Million Four Thousand One Hundred and Ninety Nine U.S. Dollars ($7,369,004,199) and ~~Three Hundred and Seventy Five Million Three Hundred and Forty Four Thousand One Hundred and Nineteen Euros (€375,344,119)~~ Three Hundred Eighty One Million Eight Hundred Thirty Thousand and Nineteen Euros (€381,830,019) (collectively the "Contract Price")."

The Parties agree that **Section 7.1.A (Aggregate Provisional Sum)** of the **Phase 1 EPC Agreement** is modified (red text are additions and strikethrough text are deletions) as follows and listed in Exhibit B of the Driftwood LNG Phase 1 Change Order number CO-006:

***"A. Aggregate Provisional Sum**. The Contract Price includes an aggregate amount of ~~Five Hundred and Two Million, Eight Hundred and Fifty-Seven Thousand Seven Hundred and Four U.S. Dollars ($502,857,704)~~ Four Hundred Eighty Seven Million Five Hundred Fifty Two Thousand Nine Hundred and Fifty Six U.S. Dollars ($487,552,956) (the **"Aggregate Provisional Sum"**) for the Provisional Sums. The scope and values of each Provisional Sum comprising the Aggregate Provisional Sum amount are included in Attachment 31."*

The Parties agree that **Attachment 3 (Payment Schedule), Schedule 3-1 (Milestone Payment Schedule USD)** of the **Phase 1 EPC Agreement** is modified by addition of the payment milestones listed in Exhibit A of this Driftwood LNG Phase 1 Change Order number CO-006.

Adjustment to Contract Price		
The original Contract Price was	USD 7,240,314,232	EUR 375,344,119
Net change by previously authorized Change Orders (# CO-002)	USD 159,940,740	EUR 0
The Contract Price prior to this Change Order was	USD 7,400,254,972	EUR 375,344,119
The Contract Price will be ~~increased (decreased)~~ unchanged by this Change Order in the amount of	USD (31,250,773)	EUR 6,485,900
The new Contract Price including this Change Order will be	USD 7,369,004,199	EUR 381,830,019

The Aggregate Provisional Sum prior to this Change Order was	USD 502,857,704	EUR 0
The Aggregate Provisional Sum will be ~~increased (decreased)~~ unchanged by this Change Order in the amount of	USD (15,394,748)	EUR 0
The new Aggregate Provisional Sum including this Change Order will be	USD 487,552,956	EUR 0

Adjustments to dates in Project Schedule:
The following dates are modified: **N/A**
Adjustment to other Changed Criteria: **N/A**
Adjustment to Payment Schedule: **Yes. See Exhibit A**
Adjustment to Provisional Sums: **Yes. See Exhibit B**
Adjustment to Minimum Acceptance Criteria: **N/A**
Adjustment to Performance Guarantees: **N/A**
Adjustment to Design Basis: **N/A**
Other adjustments to liability or obligation of Contractor or Owner under the Agreement: **N/A**

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: [***] Contractor [***] Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: ____ Contractor ____ Owner~~

Upon execution of this Change Order by Owner and Contractor, the above-referenced change shall become a valid and binding part of the original Agreement without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Agreement shall remain in full force and effect. This Change Order is executed by each of the Parties' duly authorized representatives.

/s/ [***]	/s/ [***]
Owner	Contractor
[***]	[***]
Name	Name
[***]	[***]
Title	Title
October 20, 2020	October 19, 2020
Date of Signing	Date of Signing

TELLURIAN INC.
RESTRICTED STOCK AGREEMENT
PURSUANT TO THE
TELLURIAN INC.
AMENDED AND RESTATED 2016 OMNIBUS INCENTIVE COMPENSATION PLAN

This RESTRICTED STOCK AGREEMENT ("**Agreement**") is effective as of _____ (the "**Grant Date**"), between Tellurian Inc., a Delaware corporation (the "**Company**"), and _____ (the "**Participant**").

Terms and Conditions

The Participant is hereby granted as of the Grant Date, pursuant to the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (as it may be amended and/or restated from time to time, the "**Plan**"), the number of Shares of the Company's Common Stock set forth in Section 1 below. Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. A copy of the Plan and the prospectus with regard to the shares under an effective registration on Form S-8 have been delivered or made available to the Participant. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and the prospectus and agrees to comply with the Plan, this Agreement and all applicable laws and regulations.

Accordingly, the parties hereto agree as follows:

1. **Grant of Shares.** Subject in all respects to the Plan and the terms and conditions set forth herein and therein, effective as of the Grant Date, the Company hereby awards to the Participant _____ shares of its Common Stock (the "**Shares**"). Such Shares are subject to certain vesting and forfeiture restrictions set forth in Section 2 hereof, which restrictions shall lapse at the times provided under Section 2 hereof. For the period during which such restrictions are in effect, the Shares subject to such restrictions are referred to herein as the "**Restricted Stock**." The Restricted Stock, in the sole discretion of the Plan Administrator, shall be evidenced by a certificate or be credited to a book entry account maintained by the Company (or its designee) on behalf of the Participant and such certificate or book entry (as applicable) shall be noted appropriately to record the restrictions on the Restricted Stock imposed hereby.

2. **Restricted Stock**.

   a. **Rights as a Stockholder.** The Participant shall have the rights of a stockholder with respect to the shares of Restricted Stock as, and only as, set forth in Section 10.4 of the Plan and herein. Solely with respect to unvested shares of Restricted Stock, (i) dividends or other distributions (collectively, "dividends") on such unvested shares of Restricted Stock shall be withheld, in each case, while such unvested shares of Restricted Stock are subject to restrictions, and (ii) in no event shall dividends or other distributions payable thereunder be paid unless and until such unvested shares of Restricted Stock to which they relate no longer are subject to a risk of forfeiture hereunder. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan and shall not accrue interest. Such dividends shall be paid to the Participant in the same form as paid on the Common Stock promptly upon the lapse of the restrictions.

   b. **Vesting**. Subject to Sections 2(c) and 2(d) below, the Restricted Stock shall only vest, and the forfeiture restrictions shall lapse, in accordance with this Section 2(b) based on the following (and there shall be no proportionate or partial vesting in the periods prior to the applicable vesting date(s), and all vesting shall occur only on the applicable vesting date(s)), subject to the Participant's continued employment or other service to the Company and its Affiliates through the applicable vesting date:

      i. One-third (1/3) of the Restricted Stock shall vest upon the affirmative final investment decision by the Board with respect to the Driftwood LNG project ("**FID**", and the date of FID, the "**FID Date**");

ii. One-third (1/3) of the Restricted Stock shall vest on the one (1)-year anniversary of the FID Date; and

iii. One-third (1/3) of the Restricted Stock shall vest on the two (2)-year anniversary of the FID Date.

c. **Termination of Service.**

i. Except as otherwise provided in this Section 2(c), in the event the Participant experiences a Termination of Service for any reason, the Participant shall forfeit to the Company, without compensation, any Shares of Restricted Stock that are unvested and/or subject to forfeiture restrictions as of the date of such Termination of Service; provided, however, that in the event the Participant experiences (A) a Termination of Service due to the Participant's death or Disability, or (B) a Termination of Service by the Company without "Cause" (as defined below), then any Shares of Restricted Stock that are unvested and/or subject to forfeiture restrictions as of the date of such Termination of Service shall not be forfeited and instead shall remain outstanding following the date of such Termination of Service, subject to vesting in accordance with Section 2(b), without regard to the requirement of the Participant's continued employment or other service through the date of vesting; provided, further, that the Board (or a committee thereof), in each case, in its sole discretion, may (but shall not be obligated to) provide for the acceleration of vesting or lapse of forfeiture restrictions of all or any unvested Shares of Restricted Stock upon or following such Termination of Service. Any continued or accelerated vesting, as applicable, of the Shares of Restricted Stock pursuant to the foregoing shall be subject to and conditioned upon, other than in the case of a Termination of Service due to the Participant's death: (I) the Participant's continued compliance with all confidentiality obligations and restrictive covenants to which the Participant is subject (the "**Restrictive Covenants**") and (II) the Participant's timely execution and delivery (without revocation) to the Company of a general release of all claims of any kind that Participant has or may have against the Company and its Affiliates and their respective affiliates, officers, directors, employees, shareholders, agents and representatives, in a form satisfactory to the Company, within twenty-one (21) days (or such longer period as may be required by law) after delivery of the form of release by the Company (a "**Release**").

ii. If the Participant incurs a Termination of Service by the Company, one of its Subsidiaries or Driftwood Holdings LP or its subsidiaries (collectively, the "**Partnership**") after rejecting an offer of employment or other service with any entity for which such employment or other service would be credited as continued service with the Company or a Subsidiary for purposes of the vesting of the Restricted Stock (including, without limitation, pursuant to Section 2(c)(iii) of this Agreement), then, notwithstanding anything in the foregoing to the contrary, there will be no deemed Termination of Service by the Company without Cause for purposes of this Agreement.

iii. Notwithstanding the foregoing, a Termination of Service will not be deemed to occur for purposes of this Agreement if the Participant becomes an employee or other service provider of the Partnership immediately following a Termination of Service with the Company or its Subsidiaries (or if the Participant becomes an employee or other service provider of the Company or its Subsidiaries immediately following a Termination of Service with the Partnership), or if the Participant's employment or other service with the Company or its Subsidiaries is transferred, assigned or seconded to the Partnership (or if the Participant's employment or other service with the Partnership is transferred, assigned or seconded to the Company or its Subsidiaries), it being understood that in such cases, continuous employment or other service with the Company, its Subsidiaries and/or the Partnership shall be treated as continuous service with the Company for purposes of this

Agreement, and a Termination of Service shall be deemed to occur upon the cessation of all employment or other service to the Company, its Subsidiaries and the Partnership.

iv. For purposes of this Agreement, notwithstanding anything in the Plan to the contrary, "Cause" shall have the meaning assigned to such term in any employment, consulting or similar agreement between the Participant and the Company or one of its Subsidiaries. To the extent that the Participant is not a party to any such agreement, or there is no definition assigned to "Cause" in such agreement, "Cause" shall mean a Termination of Service resulting from (A) the Participant's indictment for, conviction of, or pleading of guilty or nolo contendere to, any felony or any crime involving fraud, dishonesty or moral turpitude; (B) the Participant's gross negligence with regard to the Company or any Affiliate in respect of the Participant's duties for the Company or any Affiliate; (C) the Participant's willful misconduct having or, which in the good faith discretion of the Board could have, an adverse impact on the Company or any Affiliate economically or reputation-wise; (D) the Participant's material breach of this Agreement, or any employment, consulting or similar agreement between the Participant and the Company or one of its Affiliates or material breach of any code of conduct or ethics or any other policy of the Company, which breach (if curable in the good faith discretion of the Board) has remained uncured for a period of ten (10) days following the Company's delivery of written notice to the Participant specifying the manner in which the agreement or policy has been materially breached; or (E) the Participant's continued or repeated failure to perform the Participant's duties or responsibilities to the Company or any Affiliate at a level and in a manner satisfactory to the Company in its sole discretion (including by reason of the Participant's habitual absenteeism or due to the Participant's insubordination), which failure has not been cured to the Company's satisfaction following notice to the Participant. Whether the Participant has been terminated for Cause will be determined by the Company's Chief Executive Officer (or her or his designee) in her or his sole discretion or, if the Participant is or is reasonably expected to become subject to the requirements of Section 16 of the Exchange Act, by the Board or the Compensation Committee in its sole discretion. To the extent the Participant is terminated as a member of the Board of the Company or any of its Affiliates, such termination for "cause" shall be determined in accordance with the provisions of Section 141(k) of the Delaware General Corporation Law. In addition to the foregoing, if the Participant is an employee or other service provider of the Partnership at the time of the Participant's Termination of Service, then a termination by the Partnership for any act or omission by the Participant that, if done (or not done) with respect to the Company or an Affiliate would be grounds for "Cause" hereunder or in any applicable employment, consulting or similar agreement between the Participant and the Partnership that is then in-effect, then such Termination of Service shall be deemed to be a Termination of Service for Cause for purposes of this Agreement.

d. **Change of Control**.

i. In the event of a Change of Control while any outstanding Shares of Restricted Stock are unvested and/or subject to forfeiture restrictions, such unvested Shares of Restricted Stock shall remain outstanding and subject to vesting as set forth in Section 2(b), except as otherwise determined by the Board in accordance with the Change of Control provisions in the Plan.

ii. For purposes of this Agreement, notwithstanding anything in the Plan to the contrary, "**Change of Control**" shall mean the occurrence of any of the following after the Grant Date:

A. any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of

50% or more of either (1) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (A), the following acquisitions shall not constitute a Change of Control: (I) any acquisition directly from the Company or any Subsidiary or Affiliate, (II) any acquisition by the Company or any Subsidiary or Affiliate, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, (IV) any acquisition pursuant to a transaction which complies with clauses (1) and (2) of Section 2(d)(ii)(C) of this Agreement, below, or (V) any acquisition of additional securities by any Person who, as of the Grant Date, held 15% or more of either (x) the Outstanding Company Common Stock or (y) the Outstanding Company Voting Securities;

B. individuals who, as of the Grant Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Grant Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

C. consummation by the Company of a reorganization, merger, or consolidation, or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (2) at least a majority of the members of the board of directors (or equivalent governing authority) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination. Notwithstanding anything in the foregoing to the contrary, a sale or other disposition of the Partnership or of the Company's interest in the Partnership shall not constitute a sale or other disposition of all or substantially all of the assets of the Company or any other Change of Control for purposes of this Agreement; or

D. approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

e. **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within thirty (30) days after the issuance of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of such Restricted Stock, the Participant shall deliver to the Company a signed copy of such election within 10 days after the making of such election, and shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state, local or other taxes of any kind that the Company is required to withhold with respect to the Restricted Stock. **The Participant acknowledges that it is his or her sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if he or she elects to utilize such election.**

f. **Certificates.** If, after the Grant Date, certificates are issued with respect to the shares of Restricted Stock, such issuance and delivery of certificates shall be made in accordance with the applicable terms of the Plan.

3. **Delivery Delay**. The delivery of any certificate or book entry (as applicable) representing the Restricted Stock may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any Shares or any certificates or book entry (as applicable) for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company. If the Participant is currently a resident or is likely to become a resident in the United Kingdom at any time during the period that the Shares are subject to restriction, the Participant acknowledges and understands that the Company intends to meet its delivery obligations in Common Stock with respect to the shares of Restricted Stock, except as may be prohibited by law or described in this Agreement or supplementary materials.

4. **Certain Legal Restrictions**. The Plan, this Agreement, the granting and vesting of the Restricted Stock, and any obligations of the Company under the Plan and this Agreement, shall be subject to all applicable federal, state and local laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange on which the Common Stock is listed.

5. **Withholding of Taxes**. The Company shall have the right to deduct from any payment to be made pursuant to this Agreement and the Plan, or to otherwise require, prior to the issuance, delivery or vesting of any shares of Common Stock, payment by the Participant of, any federal, state or local taxes required by law to be withheld. Unless otherwise agreed to in writing by the Participant and the Company, or pursuant to the establishment by the Plan Administrator of an alternate procedure, (a) if the Participant is an "officer" under Section 16 of the Exchange Act at the time of vesting or other applicable tax event, required withholding will be implemented through a net settlement of shares (any such shares valued at Fair Market Value on the applicable date), or (b) if the Participant is not an "officer" under Section 16 of the Exchange Act at the time of vesting or other applicable tax event, required withholding will be required to be implemented through the Participant executing a "sell to cover" transaction through a broker designated or approved by the Company. The Company shall have the right, in its sole discretion, to accelerate the vesting of any portion of the Award at any time in its sole discretion, including for purposes of satisfying tax obligations in respect of the Award prior to the scheduled vesting dates.

6. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Plan Administrator and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that any provision of this Agreement conflicts or is inconsistent with the terms set forth in the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

7. **Restrictions on Transfer.** The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Shares, except as permitted in the Plan or Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the Shares in violation of the Plan or this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue "stop transfer" instructions to its transfer agent.

8. **Recoupment Policy**. The Participant acknowledges and agrees that the Restricted Stock shall be subject to the terms and provisions of any "clawback" or recoupment policy that may be adopted by the Company from time to time or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules and regulations thereunder).

9. **No Right to Employment or Consultancy Service** This Agreement is not an agreement of employment or to provide consultancy services. None of this Agreement, the Plan or the grant of the Restricted Stock hereunder shall (a) guarantee that the Company or its Subsidiaries or Affiliates will employ or retain the Participant as an employee or consultant for any specific time period or (b) modify or limit in any respect the right of the Company and its Subsidiaries and Affiliates to terminate or modify the Participant's employment, consultancy arrangement or compensation. Moreover, this Agreement is not intended to and does not amend any existing employment or consulting contract between the Participant and the Company or any of its Subsidiaries or Affiliates.

10. **Section 409A**. Subject to and without limitation on Section 19.3 of the Plan, it is intended that the Restricted Stock be exempt from Code Section 409A, and this Agreement shall be construed and interpreted in accordance with such intent.

11. **Notices.** Any notice or communication given hereunder shall be in writing or by electronic means and, if in writing, shall be deemed to have been duly given: (a) when delivered in person or by electronic means; (b) three days after being sent by United States mail; or (c) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service, in each case, to the appropriate party at the following address (or such other address as the party shall from time to time specify): (i) if to the Company, to Tellurian Inc. at its then current headquarters; and (ii) if to the Participant, to the address on file with the Company.

12. **Mode of Communications**. The Participant agrees, to the fullest extent permitted by applicable law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or any of its Affiliates may deliver in connection with this grant of Restricted Stock and any other grants offered by the Company, including, without limitation, prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. The Participant further agrees that electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or the online brokerage account system.

13. **Governing Law**. All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflict of laws which would result in the application of the laws of any other jurisdiction.

14. **Successors**. The Company will require any successors or assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The terms of this Agreement and all of the rights of the parties hereunder will be binding upon, inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

15. **Waiver of Jury Trial. Each party to this Agreement, for itself and its affiliates, hereby irrevocably and unconditionally waives to the fullest extent permitted by applicable law aNY right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the actions of the parties hereto or their respective affiliates pursuant to this Agreement or in the negotiation, administration, performance or enforcement of this Agreement.**

16. **Construction**. All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement. Wherever any words are used in this Agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. As used herein, (a) "or" shall mean "and/or" and (b) "including" or "include" shall mean "including, without limitation." Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

17. **Severability of Provisions**. If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement, and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

18. **No Waiver**. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

19. **Entire Agreement**. This Agreement, together with the Plan, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

20. **Data Protection**. By accepting this Agreement (whether by electronic means or otherwise), the Participant hereby consents to the holding and processing of personal data provided by him to the Company for all purposes necessary for the operation of the Plan. These include, but are not limited to administering and maintaining Participant records; providing information to any registrars, brokers or third party administrators of the Plan; and providing information to future purchasers of the Company or the business in which the Participant works.

21. **Acceptance.** To accept the grant of the Restricted Stock, the Participant must execute and return the Agreement by _____ (the "**Acceptance Deadline**"). By accepting this grant, the Participant will have agreed to the terms and conditions set forth in this Agreement and the terms and conditions of the Plan. The grant of the Restricted Stock will be considered null and void, and acceptance thereof will be of no effect, if the Participant does not execute and return the Agreement by the Acceptance Deadline.

22. **Counterparts**. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

TELLURIAN INC.

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name:

[Signature Page to Restricted Stock Agreement]

SCHEDULE A
TELLURIAN INC.
Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan
Stock Option Grant Agreement

GRANT NOTICE

Participant Name:	Charif Souki
Company:	Tellurian Inc.
Notice:	The terms of your grant of a non-qualified stock option (the "Option") to purchase shares of the Company's Common Stock (the "Shares") are set out in this notice (the "Grant Notice") but subject always to the terms of the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (as amended and/or restated, the "Plan") and the attached Stock Option Award Agreement (the "Agreement"). In the event of any inconsistency between the terms of this Grant Notice and the terms of the Agreement, the terms of the Agreement shall control. Except as otherwise indicated, any capitalized term used but not defined herein or in the Agreement shall have the meaning ascribed to such term in the Plan. You have been granted an Option to purchase Shares in accordance with the terms of the Plan and the Stock Option Award Agreement attached hereto. Details of the Option are provided to you in this Grant Notice.
Type of Award:	Non-Qualified Stock Option
Plan:	Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan
Grant:	Grant Date: December 15, 2020 Number of Shares subject to the Option: 10,000,000 Shares The Option is divided into three (3) tranches each representing one-third (1/3) of the Shares subject to the Option (each, a "Tranche").
Option Price per Share	The first Tranche ("Tranche 1") will have an Option Price per Share of $3.50 and will be subject to the vesting conditions applicable to Tranche 1, described below. The second Tranche ("Tranche 2") will have an Option Price per Share of $4.50 and will be subject to the vesting conditions applicable to Tranche 2, described below. The third Tranche ("Tranche 3") will have an Option Price per Share of $5.50 and will be subject to the vesting conditions applicable to Tranche 3, described below.
Exercisability:	Subject to the terms of the Plan, the Agreement and this Grant Notice, your Option may be exercised on and after the vesting dates indicated below and prior to the Expiration Date or earlier termination of the Option.
Vesting:	Each Tranche will become vested and exercisable upon the first date on which both the corresponding "Service Hurdle" and the corresponding "Stock Price Hurdle" set forth in the table below have been satisfied, subject to your continued employment or other service to the Company and its Affiliates through such date.

Tranche	Portion of Option	Service Hurdle	Stock Price Hurdle
Tranche 1	1/3	One (1) year anniversary of the Grant Date	$3.50
Tranche 2	1/3	Two (2) year anniversary of the Grant Date	$4.50
Tranche 3	1/3	Three (3) year anniversary of the Grant Date	$5.50

For purposes of this Grant Notice, with respect to any Option Tranche:

The "Service Hurdle" will be satisfied upon your continued employment or other service to the Company and its Affiliates through the designated date.

The "Stock Price Hurdle" will be satisfied upon the Company's Common Stock closing at a price per share on the Nasdaq Capital Market equal to or in excess of the designated closing price for any ten (10) consecutive trading days beginning on or after the Grant Date.

Termination: Upon a Termination of Service, you will forfeit to the Company, without compensation, any portion of the Option that is unvested.

Change of Control: In the event of a "Change of Control" (as defined below), the Option will be subject to the Change of Control provisions of the Plan.

For purposes of this Grant Notice, notwithstanding anything in the Plan to the contrary, "Change of Control" shall mean the occurrence of any of the following after the Grant Date:

a. any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (i) the then outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this section (a), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company or any Subsidiary or Affiliate, (2) any acquisition by the Company or any Subsidiary or Affiliate, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, (4) any acquisition pursuant to a transaction which complies with clauses (i) and (ii) of section (c), below, (5) any acquisition of additional securities by any Person who, as of the Grant Date, held 15% or more of either (I) the Outstanding Company Common Stock or (II) the Outstanding Company Voting Securities or (6) any acquisition or disposition of securities by you;

b. individuals who, as of the Grant Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Grant Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board

c. consummation by the Company of a reorganization, merger, or consolidation, or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, and (ii) at least a majority of the members of the board of directors (or equivalent governing authority) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination. Notwithstanding anything in the foregoing to the contrary, a sale or other disposition of Driftwood Holdings LP or its subsidiaries (collectively, the "Partnership") or of the Company's interest in the Partnership shall not constitute a sale or other disposition of all or substantially all of the assets of the Company or any other Change of Control for purposes of this Agreement; or

d. approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Expiration Date: Except as explained below, the Option will remain exercisable until the fifth (5th) anniversary of the Grant Date (the "Expiration Date"), at which time your Option will lapse.

Upon your Termination of Service, except as otherwise set forth below, your Option will remain exercisable for a period of ninety (90) days following the date of such Termination of Service (but in no event beyond the Expiration Date).

Notwithstanding the foregoing, upon a Termination of Service by the Company for Cause or a Termination of Service by you for any reason, your Option will immediately lapse and no portion thereof will be exercisable.

Acceptance: To accept the grant of this Option, please execute and return the Agreement by January 15, 2021 (the "Acceptance Deadline"). By accepting your Option, you will have agreed to the terms and conditions set forth in this Agreement and the terms and conditions of the Plan. If you do not accept your grant you will be unable to exercise your Option. The grant of this Option will be considered null and void, and acceptance thereof will be of no effect, if you do not execute and return the Agreement by the Acceptance Deadline.

Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan

Stock Option Award Agreement

This Stock Option Award Agreement (this "Agreement"), dated as of the Grant Date set forth in the Notice of Option Grant attached asSchedule A hereto (the "Grant Notice"), is made between Tellurian Inc. (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

In this Agreement and each Grant Notice, unless the context otherwise requires, words and expressions shall have the meanings given to them in the Amended and Restated Tellurian Inc. 2016 Omnibus Incentive Compensation Plan (as amended and/or restated, the "Plan") except as herein defined.

Terms

1. Grant of the Option.

    a. Subject to the provisions of this Agreement and the provisions of the Plan, the Company hereby grants to the Participant, pursuant to the Plan, the right and option (the "Option") to purchase all or any part of the number of shares of $0.01 par value Common Stock of the Company ("Shares") set forth in the Grant Notice at the applicable Option Price per Share (the "Purchase Price") and on the other terms as set forth in the Grant Notice.

    b. The Option is intended to be a Non-Qualified Stock Option. No part of the Option granted hereby is intended to qualify as an "incentive stock option" under Section 422 of the Code.

2. Exercisability of the Option.

    a. The Option shall vest and become exercisable in accordance with the exercisability schedule and other terms set forth in the Grant Notice, subject to the Participant's continued employment or other service to the Company and its Affiliates through the applicable vesting date. The Option shall terminate on the Expiration Date (the "Expiration Date") set forth in the Grant Notice, subject to earlier termination as set forth in the Plan and this Agreement.

    b. Except as expressly provided for herein or in the Plan, during the lifetime of the Participant, only the Participant may exercise the Option or any portion thereof. After the Disability or death of the Participant, any exercisable portion of the Option may, prior to the Expiration Date, be exercised by the Participant's legatees, personal representatives, or distributees.

    c. Any exercisable portion of the Option, or the entire Option if then wholly exercisable, may be exercised in whole or in part at any time prior to the Expiration Date (or such earlier termination of the Option in accordance with the Grant Notice); provided however, that any partial exercise shall be for whole Shares only.

3. Method of Exercise of the Option. The Participant may exercise any exercisable portion of the Option, or the entire Option if then wholly exercisable, in whole or in part, by (a) delivery to the Company of notice in writing signed by the Participant, or any other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Plan Administrator; and (b) Participant's full payment of the Purchase Price in cash, by check, in Shares (any such Shares valued at Fair Market Value on the date of exercise, or as of any other date required by applicable law) that the Participant has held for at least six months (or such lesser period of time as may be required by the Company's accountants), through the withholding of Shares (any such Shares valued at Fair Market Value on the date of exercise, or as of any other date required by applicable law) otherwise issuable upon the exercise of the Option, or a combination of the foregoing methods, subject to applicable law and Section 7.3(d) of the Plan.

4. Non-Transferability of the Option.

The Participant shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Option, except as permitted in the Plan or this Agreement. Any attempted sale, transfer, pledge, hypothecation,

assignment or other disposition of the Option in violation of the Plan or this Agreement shall be void and of no effect.

5. No Rights as a Shareholder.

The Participant shall have no rights as a stockholder with respect to any Shares covered by the Option unless and until the Participant has become the holder of record of such Shares, and no adjustments shall be made for dividends (whether in cash, in kind or other property), distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in the Plan.

6. Taxes and Withholdings.

The Company shall have the right to deduct from any payment to be made pursuant to this Agreement and the Plan, or to otherwise require, prior to the issuance, delivery or vesting of any Shares, payment by the Participant of, any federal, state or local taxes required by applicable law to be withheld, in accordance with Section 18.10 of the Plan. Unless as otherwise agreed in writing by the Participant and the Company or determined pursuant to the establishment by the Plan Administrator of an alternate procedure, if the Participant is an executive officer of the Company or an individual subject to Rule 16b-3 at the time of exercise, any such required tax withholding will be effectuated by the Company withholding a number of Shares otherwise issuable upon the exercise of the Option (any such Shares valued at Fair Market Value on the date of exercise), subject to Section 18.10 of the Plan and applicable law.

7. Certificates; Compliance with Laws and Regulations.

a. If, after the exercise of the Option, certificates are issued with respect to the Shares received pursuant to such exercise, such issuance and delivery of certificates shall be made in accordance with the applicable terms of the Plan. After exercise of the Option, the delivery of any Shares or certificate representing the Shares acquired by exercise of the Option may be postponed by the Company for such period as may be required for it to comply with any applicable foreign, federal, state or provincial securities law, or any national securities exchange listing requirements, and the Company will not be obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares or certificate representing the Shares shall constitute a violation by the Participant or the Company of any provisions of any applicable foreign, federal, state or provincial law or of any regulations of any governmental authority or any national securities exchange. Moreover, the Option may not be exercised if its exercise, or the receipt of Shares pursuant thereto, would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration, or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any Shares or any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent, or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

b. It is intended that the Shares received upon the exercise of the Option shall have been registered under the Securities Act. If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

c. If at the time of exercise of all or part of the Option, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees

that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

8. No Right to Continued Employment or Service.

This Agreement is not an agreement of employment or to provide services. None of this Agreement, the Plan or the grant of the Option hereunder shall (a) guarantee that the Company will employ or retain the Participant as an employee or other service provider for any specific time period or (b) modify or limit in any respect the Company's right to terminate or modify the Participant's employment or other service relationship or compensation. Moreover, this Agreement is not intended to and does not amend any existing employment other service agreement between the Participant and the Company or any of its Affiliates.

9. Other Plans.

The Participant acknowledges that any income derived from the exercise of the Option shall not affect the Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

10. Provisions of Plan Control.

This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Plan Administrator and as may be in effect from time to time. The Plan is incorporated herein by reference. If and to the extent that any provision of this Agreement conflicts or is inconsistent with the terms set forth in the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly.

11. Governing Law.

All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflict of laws which would result in the application of the laws of any other jurisdiction.

12. Section 409A.

Subject to and without limitation on Section 19.3 of the Plan, it is intended that this Option be exempt from Code Section 409A, and this Agreement shall be construed and interpreted in accordance with such intent.

13. Recoupment.

The Participant acknowledges and agrees that the Option and any Shares issued upon exercise thereof shall be subject to the terms and provisions of any "clawback" or recoupment policy that may be adopted by the Company from time to time or as may be required by any applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules and regulations thereunder).

14. Notices.

Any notice or communication given hereunder shall be in writing or by electronic means and, if in writing, shall be deemed to have been duly given: (a) when delivered in person or by electronic means; (b) three days after being sent by United States mail; or (c) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service, in each case, to the appropriate party at the following address (or such other address as the party shall from time to time specify): (i) if to the Company, to Tellurian Inc. at its then current headquarters; and (ii) if to the Participant, to the address on file with the Company.

15. Successors.

The Company will require any successors or assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The terms of this Agreement and all of the rights of the parties hereunder will be binding upon, inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

16. Waiver of Jury Trial.

EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND ITS AFFILIATES, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE ACTIONS OF THE PARTIES HERETO OR THEIR RESPECTIVE AFFILIATES PURSUANT TO THIS AGREEMENT OR IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT OF THIS AGREEMENT.

17. Construction.

All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement. Wherever any words are used in this Agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. As used herein, (a) "or" shall mean "and/or" and (b) "including" or "include" shall mean "including, without limitation." Any reference herein to an agreement in writing shall be deemed to include an electronic writing to the extent permitted by applicable law.

18. Severability.

If at any time any of the provisions of this Agreement shall be held invalid or unenforceable, or are prohibited by the laws of the jurisdiction where they are to be performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of the activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement, and the Company and the Participant agree that the provisions of this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provisions had not been included.

19. No Waiver.

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

20. Entire Agreement.

This Agreement, together with the Plan, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior agreements between the Company and the Participant with respect to the subject matter hereof.

21. Mode of Communications.

The Participant agrees, to the fullest extent permitted by applicable law, in lieu of receiving documents in paper format, to accept electronic delivery of any documents that the Company or any of its Affiliates may deliver in connection with this Option grant and any other grants offered by the Company, including, without limitation, prospectuses, grant notifications, account statements, annual or quarterly reports, and other communications. The Participant further agrees that electronic delivery of a document may be made via the Company's email system or by reference to a location on the Company's intranet or website or the online brokerage account system.

22. Data Protection.

By accepting this Agreement (whether by electronic means or otherwise), the Participant hereby consents to the holding and processing of personal data provided by him to the Company for all purposes necessary for the operation of the Plan. These include, but are not limited to administering and maintaining Participant records; providing information to any registrars, brokers or third party administrators of the Plan; and providing information to future purchasers of the Company or the business in which the Participant works.

23. Counterparts.

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile or other electronic signature is legal, valid and binding for all purposes.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year identified in the Grant Notice appended hereto.

TELLURIAN INC.

By: /s/ Margie M. Harris
Name: Margie M. Harris
Title: SVP, CHRO

PARTICIPANT

By: /s/ Charif Souki
Name: Charif Souki

[Signature Page to Option Agreement]

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Below is a list of all direct and indirect subsidiaries of Tellurian Inc. as of December 31, 2020:

Subsidiary	State or Other Jurisdiction of Incorporation or Organization	Ownership
Tellurian Inc. owns the following subsidiaries directly:		
Tellurian Investments LLC (formerly known as Tellurian Investments Inc.)	Delaware	100.0%
Driftwood LP Holdings LLC	Delaware	100.0%
Driftwood GP Holdings LLC	Delaware	100.0%
Tellurian International Holdings Ltd	United Kingdom	100.0%
Tellurian Investments LLC owns the following subsidiaries directly:		
Tellurian Production Holdings LLC	Delaware	100.0%
Tellurian LandCo LLC (formerly known as Parallax LNG LandCo LLC and MBTU LandCo LLC)	Delaware	100.0%
Tellurian Supply & Trade LLC	Delaware	100.0%
Purity Pipeline LLC	Delaware	100.0%
Delhi Connector LLC	Delaware	100.0%
Tellurian Midstream Holdings LLC	Delaware	100.0%
Tellurian Services LLC (formerly known as Parallax Services LLC)	Delaware	100.0%
Tellurian Management Services LLC (formerly known as Tellurian O&M LLC and Driftwood Operating LLC)	Delaware	100.0%
Magellan Petroleum Australia Pty Ltd	Australia	100.0%
Driftwood LP Holdings LLC owns the following subsidiary directly:		
Driftwood Holdings LP (formerly known as Driftwood Holdings LLC)	Delaware	100.0% (1)
Tellurian International Holdings Ltd owns the following subsidiaries directly:		
Tellurian Trading UK Ltd	United Kingdom	100.0%
Tellurian LNG Singapore Pte. Ltd.	Singapore	100.0%
Tellurian LNG UK Ltd	United Kingdom	100.0%
Tellurian Production Holdings LLC owns the following subsidiaries directly:		
Tellurian Operating LLC	Delaware	100.0%
Tellurian Production LLC	Delaware	100.0%
Magellan Petroleum Australia Pty Ltd owns the following subsidiary directly:		
Magellan Petroleum ("Offshore") Pty Ltd	Australia	100.0%
Driftwood Holdings LP owns the following subsidiary directly:		
Driftwood Holdco LLC	Delaware	100.0%
Driftwood Holdco LLC owns the following subsidiaries directly:		
Tellurian Pipeline LLC	Delaware	100.0%
Tellurian LNG LLC (formerly known as Parallax LNG LLC)	Delaware	100.0%
Driftwood Production Holdings LLC	Delaware	100.0%
Tellurian Pipeline LLC owns the following subsidiaries directly:		
Haynesville Global Access Pipeline LLC	Delaware	100.0%
Permian Global Access Pipeline LLC	Delaware	100.0%
Driftwood Pipeline LLC (formerly known as Driftwood LNG Pipeline LLC)	Delaware	100.0%
Tellurian LNG LLC owns the following subsidiaries directly:		
Driftwood LNG Tug Services LLC	Delaware	100.0%
Driftwood LNG LLC	Delaware	100.0%

(1) Driftwood LP Holdings LLC owns 100% of Driftwood Holdings LP, of which Driftwood GP Holdings LLC is the general partner.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-235793 and 333-232732 on Form S-3ASR and Registration Statement Nos. 333-220641, 333-216010, 333-189614, 333-171149, 333-162668 and 333-70567 on Form S-8 of our report dated February 24, 2021, relating to the consolidated financial statements and financial statement schedule of Tellurian Inc. and subsidiaries appearing in this Annual Report on Form 10-K of Tellurian Inc. for the year ended December 31, 2020.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 24, 2021

Exhibit 23.2

NETHERLAND, SEWELL & ASSOCIATES, INC.

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3ASR of Tellurian Inc. (No. 333-235793 and No. 333-232732) and to the incorporation by reference in the Registration Statements on Form S-8 of Tellurian Inc. (No. 333-220641, No. 333-216010, No. 333-189614, No. 333-171149, No. 333-162668 and No. 333-70567) of all references to our firm and information from our reserves report dated January 12, 2021 included in or made a part of Tellurian Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020, and our summary report attached as Exhibit 99.2 to the Annual Report on Form 10-K.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Danny D. Simmons
Danny D. Simmons, P.E.
President and Chief Operating Officer

Houston, Texas

February 24, 2021

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Octávio M.C. Simões, certify that:

1. I have reviewed this annual report on Form 10-K of Tellurian Inc.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2021

/s/ Octávio M.C. Simões

Octávio M.C. Simões
Chief Executive Officer
(as Principal Executive Officer)
Tellurian Inc.

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, L. Kian Granmayeh, certify that:

1. I have reviewed this annual report on Form 10-K of Tellurian Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2021

/s/ L. Kian Granmayeh

L. Kian Granmayeh
Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Exhibit 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Tellurian Inc. (the "Company") on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Octávio M.C. Simões, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2021

/s/ Octávio M.C. Simões

Octávio M.C. Simões
Chief Executive Officer
(as Principal Executive Officer)
Tellurian Inc.

Exhibit 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Tellurian Inc. (the "Company") on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, L. Kian Granmayeh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2021

/s/ L. Kian Granmayeh

L. Kian Granmayeh
Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Exhibit 99.2

January 12, 2021

Ms. Ami Arief
Tellurian Production LLC
1201 Louisiana Street, Suite 3100
Houston, Texas 77002

Dear Ms. Arief:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2020, to the Tellurian Production LLC (Tellurian) interest in certain gas properties located in Louisiana. We completed our evaluation on or about the date of this letter. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Tellurian. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and, with the exception of the exclusion of future income taxes, conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. Definitions are presented immediately following this letter. This report has been prepared for Tellurian's use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

We estimate the gross (100 percent) gas reserves and the net gas reserves and future net revenue to the Tellurian interest in these properties, as of December 31, 2020, to be:

	Gas Reserves (MMCF)		Future Net Revenue (M$)	
Category	Gross (100%)	Net	Total	Present Worth at 10%
Proved Developed Producing	129,182.2	26,592.8	21,862.4	19,427.9
Proved Undeveloped[(1)]	168,530.1	72,915.3	4,519.6	-12,543.4
Total Proved	297,712.3	99,508.1	26,382.0	6,884.5

(1) Estimates of proved undeveloped reserves have been included for certain locations that generate positive future net revenue but have negative present worth discounted at 10 percent based on the constant price and cost parameters discussed in subsequent paragraphs of this letter.

Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases. These properties have never produced commercial volumes of condensate.

Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. Our study indicates that as of December 31, 2020, there are no proved developed non-producing reserves for these properties. Estimates of proved undeveloped reserves have been included for certain locations that generate positive future net revenue but have negative present worth discounted at 10 percent based on the constant price and cost parameters discussed in subsequent paragraphs of this letter. These locations have been included based on the operators' declared intent to drill these wells, as evidenced by Tellurian's internal budget, reserves estimates, and price forecast. As requested, probable and possible reserves that exist for these properties have not been included. The estimates of reserves and future revenue included herein have not been adjusted for risk. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated.

Gross revenue is Tellurian's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for Tellurian's share of production taxes, ad valorem taxes, capital costs, abandonment costs, and operating expenses but before consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

Gas prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2020. The average Henry Hub spot price of $1.985 per MMBTU is adjusted for energy content, transportation fees, and market differentials. The fees associated with Tellurian's gathering and transportation contracts are included as a deduction to gas revenue. Gas prices are held constant throughout the lives of the properties. The average adjusted gas price weighted by production over the remaining lives of the properties is $1.332 per MCF

Operating costs used in this report are based on operating expense records of Tellurian. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Operating costs have been divided into project-level costs, per-well costs, and per-unit-of-production costs. Headquarters general and administrative overhead expenses of Tellurian are included to the extent that they are covered under joint operating agreements for the operated properties. Operating costs are not escalated for inflation.

Capital costs used in this report were provided by Tellurian and are based on authorizations for expenditure and actual costs from 2019. Capital costs are included as required for new development wells and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Tellurian's estimates of the costs to abandon the wells and production facilities, net of any salvage value. Capital costs and abandonment costs are not escalated for inflation.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the Tellurian interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Tellurian receiving its net revenue interest share of estimated future gross production. Additionally, we have been informed by Tellurian that it is not party to any firm transportation contracts for these properties.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by Tellurian, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis and analogy, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. A substantial portion of these reserves are for undeveloped locations; such reserves are based on analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Tellurian, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have

not examined the titles to the properties or independently confirmed the actual degree or type of interest owned. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. Chad E. Ireton, a Licensed Professional Engineer in the State of Texas, has been practicing consulting petroleum engineering at NSAI since 2012 and has over 11 years of prior industry experience. Zachary R. Long, a Licensed Professional Geoscientist in the State of Texas, has been practicing consulting petroleum geoscience at NSAI since 2007 and has over 2 years of prior industry experience. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.

Texas Registered Engineering Firm F-2699

By: /s/ C.H. (Scott) Rees III
C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

By: /s/ Chad E. Ireton
Chad E. Ireton, P.E. 115760
Vice President

Date Signed: January 12, 2021

By: /s/ Zachary R. Long
Zachary R. Long, P.G. 11792
Vice President

Date Signed: January 12, 2021

CEI:NPD

NETHERLAND, SEWELL & ASSOCIATES, INC.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties.* Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir*. Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

(i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);

(ii) Same environment of deposition;

(iii) Similar geological structure; and

(iv) Same drive mechanism.

Instruction to paragraph (a)(2): Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen*. Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate*. Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate*. The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves*. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and

(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Supplemental definitions from the 2018 Petroleum Resources Management System:

Developed Producing Reserves – Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery Reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.

(ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.

(iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.

(iv) Provide improved recovery systems.

(8) *Development project*. A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well.* A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible*. The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

(11) *Estimated ultimate recovery (EUR)*. Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs*. Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or "G&G" costs.

(ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.

(iii) Dry hole contributions and bottom hole contributions.

(iv) Costs of drilling and equipping exploratory wells.

(v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well*. An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well.* An extension well is a well drilled to extend the limits of a known reservoir.

(15) *Field.* An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities.*

(i) Oil and gas producing activities include:

(A) The search for crude oil, including condensate and natural gas liquids, or natural gas ("oil and gas") in their natural states and original locations;

(B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;

(C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:

(1) Lifting the oil and gas to the surface; and

(2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and

(D) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i): The oil and gas production function shall be regarded as ending at a "terminal point", which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and

b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

(ii) Oil and gas producing activities do not include:

(A) Transporting, refining, or marketing oil and gas;

(B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;

(C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or

(D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

(i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

(ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

(18) *Probable reserves.* Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

(iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate.* The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

(20) *Production costs*.

(i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:

(A) Costs of labor to operate the wells and related equipment and facilities.

(B) Repairs and maintenance.

(C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.

(D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.

(E) Severance taxes.

(ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area.* The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and

(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and

(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

a. Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)

b. Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

a. Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.

b. Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.

c. Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.

d. Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.

e. Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.

f. Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if not drilled in a known area or "development type" if drilled in a known area.

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company's historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.