November 9, 2023

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, D.C. 20426

RE: Driftwood LNG Project (CP17-117-001 and CP17-118-001) November 2, 2023 Quarterly Report

Dear Secretary Bose:

Driftwood LNG has requested to extend its in service deadline.[1] "Good cause" for an extension requires an applicant to show that it "diligently pursu[ed] completion of the project" and made "good faith efforts to meet its deadline," but could not do so due to circumstances outside the applicant's control. *See Const. Pipeline Co., LLC*, 169 FERC ¶ 61,102, PP21-22 (Nov. 8, 2019). As Sierra Club explained in its October 26, 2023, Motion to Intervene and Protest, Driftwood LNG has failed to demonstrate good cause because the project delays are due to the company's financial status and inability to attract investors, rather than any circumstances outside of its control.[2]

We write to supplement that protest with further information about Driftwood LNG's deteriorating financial situation. On November 2, 2023, Driftwood's corporate parent, Tellurian, filed its latest quarterly report with the U.S. Securities and Exchange Commission. [3] In that report, Tellurian noted that it has "substantial doubt about the Company's ability to continue as a growing concern."[4] In other words, Tellurian appears to believe it is at risk of bankruptcy.[5]

---

[1] Driftwood LNG, LLC, Request for Extension of Time, Docket Nos. CP17-117-000 & CP17-118-000 (Oct. 4, 2023).

[2] Motion to Intervene and Protest of Sierra Club § 2.3, Docket Nos. CP17-117-001 and CP17-118-001 (Oct. 26, 2023) [hereinafter "Protest"].

[3] Tellurian, Form 10-Q, Quarterly Report for the Period Ended Sept 30, 2023 (Nov. 2, 2023), https://ir.tellurianinc.com/financials-filings-and-presentations/quarterly-reports/content/0000061398-23-000054/0000061398-23-000054.pdf (attached).

[4] *Id.* at 5.

[5] Legal Information Institute, Cornell Law School, "Going Concern," https://www.law.cornell.edu/wex/going_concern (last updated Jan. 2023) ("Going concern is an accounting term, which means a business is financially stable and can operate with the expectation of

While the company presents hypothetical options for raising revenue, it has already tried and failed to do so, as discussed in our protest.[6] And this latest report represents a marked increase in severity from Tellurian's prior reports.[7]

In short, our protest highlighted the numerous red flags about Tellurian's and Driftwood LNG's finances that have caused the project's delay. The latest report from Tellurian, confirms that picture. FERC should deny Driftwood LNG's request for an extension because the company has failed to demonstrate good cause for the delay.

Sincerely,

/s/ Louisa Eberle
Louisa Eberle
Staff Attorney
Sierra Club
1536 Wynkoop St, Ste 200
Denver, CO 80202
louisa.eberle@sierraclub.org
303-454-3361

---

indefinite existence. A company must begin disclosing specific information on its financial statements if it can no longer be considered a going concern.").

[6] *See* Protest § A.3 & n.46 (citing Jill R. Shah, *Tellurian Plunges After Axing $1 Billion Bond for LNG Plant*, BLOOMBERG (Sept. 19, 2022), https://www.bloomberg.com/news/articles/2022-09-19/tellurian-pulls-1-billion-bond-deal-leaving-lng-site-in-limbo).

[7] In its report from the prior quarter, Tellurian noted "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," but stopped short of noting a doubt about continuing as a "going concern." Tellurian, Form 10-Q, Quarterly Report for the Period Ended June 30, 2023 at 5 (Aug. 9, 2023), https://d1io3yog0oux5.cloudfront.net/sec/0000061398-23-000043/0000061398-23-000043.pdf (attached).

Attachments

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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)

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

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**	**NYSE American LLC**
8.25% Senior Notes due 2028	**TELZ**	**NYSE American LLC**

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

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 x 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 x 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No x

As of October 31, 2023, there were 634,842,364 shares of common stock, $0.01 par value, issued and outstanding.

Tellurian Inc.

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," "contemplate," "continue," "could," "estimate," "expect," "forecast," "initial," "intend," "likely," "may," "plan," "possible," "potential," "predict," "project," "proposed," "should," "will," "would" and similar terms, phrases, and 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;
- our ability to continue as a going concern;
- planned or estimated costs or capital expenditures;
- availability of liquidity and capital resources;
- our ability to obtain 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;
- attributes and 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 or otherwise continue as a going concern;
- 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, customers and other counterparties 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;
- 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

To the extent applicable, and as used in this quarterly report, the terms listed below have the following meanings:

Bcf	Billion cubic feet of natural gas
DD&A	Depreciation, depletion and amortization
DFC	Deferred financing costs and original issue discount
EPC	Engineering, procurement and construction
FID	Final investment decision as it pertains to the Driftwood Project
FERC	U.S. Federal Energy Regulatory Commission
GAAP	Generally accepted accounting principles in the U.S.
LNG	Liquefied natural gas
LSTK	Lump sum turnkey
Mtpa	Million tonnes per annum
NYSE American	NYSE American LLC
Phase 1	Plants one and two of the Driftwood terminal
Train	An industrial facility comprised of a series of refrigerant compressor loops used to cool natural gas into LNG
U.S.	United States

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TELLURIAN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts, unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 59,279	$ 474,205
Accounts receivable	23,700	76,731
Prepaid expenses and other current assets	13,083	23,355
Total current assets	96,062	574,291
Property, plant and equipment, net	1,098,699	789,076
Other non-current assets	71,009	63,316
Total assets	$ 1,265,770	$ 1,426,683
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 37,301	$ 4,805
Accounts payable due to related parties	55	—
Accrued and other liabilities	118,682	129,180
Borrowings	—	163,556
Total current liabilities	156,038	297,541
Long-term liabilities:		
Borrowings	372,386	382,208
Finance lease liabilities	121,675	49,963
Other non-current liabilities	45,474	24,428
Total long-term liabilities	539,535	456,599
Commitments and Contingencies (Note 9)		
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, 1,600,000,000 authorized: 601,337,236 and 564,567,568 shares outstanding, respectively	5,842	5,456
Additional paid-in capital	1,697,693	1,647,896
Accumulated deficit	(1,133,399)	(980,870)
Total stockholders' equity	570,197	672,543
Total liabilities and stockholders' equity	$ 1,265,770	$ 1,426,683

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues:				
Natural gas sales	$ 43,250	$ 81,103	$ 126,172	$ 168,442
LNG sales	—	—	—	120,951
Total revenue	43,250	81,103	126,172	289,393
Operating costs and expenses:				
Operating expenses	21,754	8,428	60,047	18,536
LNG cost of sales	—	—	—	131,663
Development expenses	10,042	12,891	33,629	48,244
Depreciation, depletion and amortization	23,661	12,860	71,058	22,735
General and administrative expenses	22,176	41,495	85,716	97,334
Total operating costs and expenses	77,633	75,674	250,450	318,512
(Loss) income from operations	(34,383)	5,429	(124,278)	(29,119)
Interest expense, net	(3,992)	(6,944)	(12,184)	(13,790)
Loss on extinguishment of debt, net	(29,473)	—	(32,295)	—
Other income (expense), net	2,431	(12,718)	16,228	(37,966)
Loss before income taxes	(65,417)	(14,233)	(152,529)	(80,875)
Income tax	—	—	—	—
Net loss	$ (65,417)	$ (14,233)	$ (152,529)	$ (80,875)
Net loss per common share(1):				
Basic and diluted	$ (0.12)	$ (0.03)	$ (0.28)	$ (0.15)
Weighted-average shares outstanding:				
Basic and diluted	559,952	538,549	546,087	523,189

(1) The numerator for both basic and diluted loss per share is net loss The denominator for both basic and diluted loss per share is the weighted-average shares outstanding during the period

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total shareholders' equity, beginning balance	$ 599,374	$ 653,734	$ 672,543	$ 418,301
Preferred stock	61	61	61	61
Common stock:				
Beginning balance	5,560	5,454	5,456	4,774
Common stock issuances	282	—	383	677
Share-based compensation, net	—	1	3	3
Share-based payment	—	1	—	2
Ending balance	5,842	5,456	5,842	5,456
Additional paid-in capital:				
Beginning balance	1,661,735	1,645,920	1,647,896	1,344,526
Common stock issuances	35,762	—	48,425	299,063
Share-based compensation, net	196	1,033	1,372	2,750
Share-based payments	—	62	—	676
Ending balance	1,697,693	1,647,015	1,697,693	1,647,015
Accumulated deficit:				
Beginning balance	(1,067,982)	(997,701)	(980,870)	(931,059)
Net loss	(65,417)	(14,233)	(152,529)	(80,875)
Ending balance	(1,133,399)	(1,011,934)	(1,133,399)	(1,011,934)
Total shareholders' equity, ending balance	$ 570,197	$ 640,598	$ 570,197	$ 640,598

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (152,529)	$ (80,875)
Adjustments to reconcile Net loss to Net cash used in operating activities:		
Depreciation, depletion and amortization	71,058	22,735
Amortization of debt issuance costs, discounts and fees	2,997	1,494
Share-based compensation	1,375	2,753
Share-based payments	—	678
Net unrealized loss on financial instruments not designated as hedges	7,820	13,553
Loss on extinguishment of debt, net	32,295	—
Other	2,147	745
Net changes in working capital (Note 15)	32,129	(26,802)
Net cash used in operating activities	(2,708)	(65,719)
Cash flows from investing activities:		
Acquisition and development of natural gas properties	(107,038)	(236,558)
Driftwood Project construction costs	(168,210)	(117,793)
Land purchases and land improvements	—	(19,412)
Investment in unconsolidated entity	—	(6,089)
Note receivable	(18,000)	(5,000)
Capitalized internal use software and other assets	(2,129)	(1,278)
Net cash used in investing activities	(295,377)	(386,130)
Cash flows from financing activities:		
Proceeds from common stock issuances	47,662	309,021
Equity issuance costs	(1,442)	(9,281)
Borrowing proceeds	—	501,178
Borrowing issuance costs	—	(11,487)
Borrowing principal repayments	(166,666)	—
Other	(1,073)	(98)
Net cash (used in) provided by financing activities	(121,519)	789,333
Net (decrease) increase in cash, cash equivalents and restricted cash	(419,604)	337,484
Cash, cash equivalents and restricted cash, beginning of period	508,468	307,274
Cash, cash equivalents and restricted cash, end of period	$ 88,864	$ 644,758
Supplementary disclosure of cash flow information:		
Interest paid, net of capitalized interest	$ 15,629	$ 11,152

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

NOTE 1 — GENERAL

Tellurian Inc. (“Tellurian,” “we,” “us,” “our,” or the “Company”), a Delaware corporation, is a Houston-based company that is developing and plans to operate a portfolio of natural gas, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the “Driftwood terminal”), related pipelines and upstream natural gas assets (collectively referred to as the “Business”). The Driftwood terminal and related pipelines 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

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2022. The Condensed Consolidated Financial Statements, in the opinion of management, reflect all adjustments necessary for the fair presentation of the results for the periods presented. All adjustments are of a normal recurring nature unless otherwise disclosed.

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.

To conform with GAAP, we make estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements and the accompanying notes. Although these estimates and assumptions are based on our best available knowledge at the time, actual results may differ.

Our Condensed Consolidated Financial Statements have been 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 Condensed Consolidated Financial Statements, we have historically generated losses and negative cash flows from operations. 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 Condensed Consolidated Financial Statements. To date, the Company has been meeting its liquidity needs primarily from cash on hand and the combined proceeds generated by debt and equity issuances, upstream operations, and the sale of common stock under its at-the-market equity offering programs. As of September 30, 2023, the Company had approximately $59.3 million in cash and cash equivalents and approximately $23.7 million of accounts receivable, which we expect will not be sufficient to satisfy its obligations, fund its working capital needs and allow it to remain compliant with debt covenants and liquidity thresholds for twelve months after the date the Condensed Consolidated Financial Statements are issued. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The analysis used to determine the Company's ability to continue as a going concern does not include cash sources that management expects to be available within the next twelve months but are outside of the Company's direct control.

The Company plans to mitigate these conditions by generating additional proceeds from various other potential financing transactions, such as issuances of equity, equity-linked and debt securities, or similar transactions, managing certain operating and overhead costs, refinancing the Replacement Notes, offering equity interests in the Driftwood Project and, if necessary, exploring opportunities to monetize all or a portion of its upstream natural gas assets (collectively “Management’s Plans”). The Company's ability to effectively implement Management’s Plans, should the Company choose to do so, is subject to numerous risks and uncertainties, including risks associated with market demand for our equity and debt securities, commodity prices and other factors affecting natural gas markets. As of the date of this filing, Management’s Plans have not been implemented to alleviate the conditions which raise substantial doubt. The Condensed Consolidated Financial Statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

NOTE 2 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Prepaid expenses	$ 1,908	$ 2,174
Deposits	273	172
Restricted cash	4,688	9,375
Derivative asset, net current (Note 8)	—	10,463
Other current assets	6,214	1,171
Total prepaid expenses and other current assets	$ 13,083	$ 23,355

Restricted Cash

Restricted cash as of September 30, 2023 and December 31, 2022 represent cash held in escrow under the terms of the purchase and sale agreement for the acquisition of certain natural gas assets in the Haynesville Shale.

NOTE 3 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Upstream natural gas assets:		
Proved properties	$ 495,026	$ 412,977
Wells in progress	66,917	55,374
Accumulated DD&A	(161,004)	(92,423)
Total upstream natural gas assets, net	400,939	375,928
Driftwood Project assets:		
Terminal construction in progress	473,496	292,734
Pipeline construction in progress	29,247	—
Land and land improvements	53,664	52,460
Finance lease assets, net of accumulated DD&A	55,827	56,708
Buildings and other assets, net of accumulated DD&A	318	340
Total Driftwood Project assets, net	612,552	402,242
Fixed assets and other:		
Finance lease assets, net of accumulated DD&A	71,315	—
Leasehold improvements and other assets	17,910	12,672
Accumulated DD&A	(4,017)	(1,766)
Total fixed assets and other, net	85,208	10,906
Total property, plant and equipment, net	$ 1,098,699	$ 789,076

Terminal Construction in Progress

During the nine months ended September 30, 2023, we capitalized approximately $180.8 million of directly identifiable project costs as Driftwood terminal construction in progress.

Pipeline Construction in Progress

On April 21, 2023, the Company received FERC approval for the construction of the Driftwood pipelines. During the second quarter of 2023, pipeline materials and rights of way of approximately $14.6 million were transferred to construction in progress in accordance with our accounting policies. During the nine months ended September 30, 2023, we also capitalized approximately $14.6 million of directly identifiable project costs as Pipeline construction in progress.

NOTE 4 — OTHER NON-CURRENT ASSETS

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

	September 30, 2023	December 31, 2022
Land lease and purchase options	$ 31	$ 300
Permitting costs	—	916
Right of use asset — operating leases	13,628	13,303
Restricted cash	24,897	24,888
Investment in unconsolidated entity	6,089	6,089
Note receivable	24,189	6,595
Pipeline materials and rights of way	—	9,136
Other	2,175	2,089
Total other non-current assets	$ 71,009	$ 63,316

Restricted Cash

Restricted cash as of September 30, 2023 and December 31, 2022 represents cash collateralization of a letter of credit associated with a finance lease.

Note Receivable

In February 2023, the Company issued an amended and restated promissory note due June 14, 2031 (the "Note Receivable") to an unaffiliated entity engaged in the development of infrastructure projects in the energy industry. The outstanding principal balance of the Note Receivable as of September 30, 2023 was approximately $24.2 million. The promissory note bears interest at a rate of 6.00%, which is capitalized into the outstanding principal balance annually.

Pipeline materials and rights of way

Pipeline materials and rights of way were transferred to construction in progress in the second quarter of 2023. See Note 3 *Property, Plant and Equipment*.

NOTE 5 RELATED PARTY TRANSACTIONS

Related Party Contractor Service Fees and Expenses

The Company entered into a one-year independent contractor agreement, effective January 1, 2022, with Mr. Martin Houston, the Vice Chairman of the Company's Board of Directors. Pursuant to the terms and conditions of this agreement, the Company paid Mr. Houston a monthly fee of $50.0 thousand plus approved expenses. In December 2022, the Company amended the independent contractor agreement to expire on the earlier of (i) termination of Mr. Houston and (ii) December 31, 2023, and to increase the monthly fee to $55.0 thousand plus approved expenses. For the three and nine months ended September 30, 2023, the Company paid Mr. Houston $110.0 thousand and $440.0 thousand, respectively, for contractor service fees and expenses. For the three and nine months ended September 30, 2022, the Company paid Mr. Houston $150.0 thousand and $475.0 thousand, respectively, for contractor service fees and expenses. As of September 30, 2023 and 2022, a balance of $55.0 thousand and $0.0, respectively, were owed to Mr. Houston.

NOTE 6 — ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following (in thousands):

	September 30, 2023	December 31, 2022
Upstream accrued liabilities	$ 42,292	$ 71,977
Payroll and compensation	25,473	37,329
Accrued taxes	1,242	730
Driftwood Project development activities	20,745	4,423
Lease liabilities	4,610	2,875
Accrued interest	4,626	5,793
Embedded derivatives (Note 8)	13,268	—
Other	6,426	6,053
Total accrued and other liabilities	$ 118,682	$ 129,180

NOTE 7 — BORROWINGS

The Company's borrowings consist of the following (in thousands):

	September 30, 2023		
	Principal repayment obligation	Unamortized Premium (DFC)	Carrying value
Senior Secured Convertible Notes due 2025	$ 83,334	$ 2,779	$ 86,113
Senior Secured Notes due 2025	250,000	(19,075)	230,925
Senior Unsecured Notes due 2028	57,678	(2,330)	55,348
Total borrowings	$ 391,012	$ (18,626)	$ 372,386

	December 31, 2022		
	Principal repayment obligation	Unamortized DFC	Carrying value
Convertible Notes, current	$ 166,666	$ (3,110)	$ 163,556
Convertible Notes, non-current	333,334	(6,219)	327,115
Senior Unsecured Notes due 2028	57,678	(2,585)	55,093
Total borrowings	$ 557,678	$ (11,914)	$ 545,764

Amortization of the borrowings' premium and DFC is a component of Interest expense, net in the Company's Condensed Consolidated Statements of Operations. We amortized approximately $1.3 million and $3.0 million during the three and nine months ended September 30, 2023, respectively. For the three and nine months ended September 30, 2022, we amortized approximately $0.9 million and $1.5 million, respectively.

Senior Secured Convertible Notes due 2025 (Extinguished)

On June 3, 2022, we issued and sold $500.0 million aggregate principal amount of 6.00% Senior Secured Convertible Notes due May 1, 2025 (the "Extinguished Convertible Notes"). Net proceeds from the Extinguished Convertible Notes were approximately $488.7 million after deducting fees and expenses. The Extinguished Convertible Notes had quarterly interest payments due on February 1, May 1, August 1, and November 1 of each year and on the maturity date. DFC of approximately $11.5 million were capitalized.

Partial Redemption

On March 27, 2023, the holder of the Extinguished Convertible Notes delivered to the Company notice to redeem $166.7 million of the initial principal amount of the Extinguished Convertible Notes at par, plus accrued interest (the "Redemption Amount"). On March 28, 2023, the Company irrevocably deposited the Redemption Amount of approximately $169.1 million in order to satisfy the redemption and retirement of $166.7 million principal amount of the Extinguished Convertible Notes, plus accrued interest. As a result of paying the Redemption Amount prior to the Extinguished Convertible Notes' contractual maturity, the Company wrote off approximately $2.8 million of prorated unamortized DFC, which was recognized within Loss on extinguishment of debt, net, in its Condensed Consolidated Statements of Operations.

Extinguishment

On August 15, 2023, we issued and sold in a private placement $250.0 million aggregate principal amount of 10% Senior Secured Notes due October 1, 2025 (the "Senior Notes") and approximately $83.3 million aggregate principal amount of 6% Secured Convertible Notes (the "Secured Convertible Notes") due October 1, 2025 (collectively the "Replacement Notes"). The issuance of the Replacement Notes to the holder of the Extinguished Convertible Notes resulted in the satisfaction and discharge of the Company's outstanding principal repayment obligation under the Extinguished Convertible Notes. As a result, the Company recorded a Loss on extinguishment of debt of approximately $29.5 million in its Condensed Consolidated Statements of Operations.

Senior Secured Notes due 2025

The Senior Notes have quarterly interest payments in cash due on the first day of January, April, July, and October of each year, commencing in October 2023. DFC of approximately $20.1 million were capitalized and are being amortized over the term of the Senior Notes using the effective interest rate method. Holders of the Senior Notes may force the Company to redeem the applicable Senior Notes for cash upon (i) a fundamental change or (ii) an event of default. On or after October 1, 2024, the holders of the Senior Notes may redeem up to the entire principal amount of the Senior Notes for a cash purchase price equal to the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest, if the Company's liquidity falls below (a) $200.0 million, if the Secured Convertible Notes are not outstanding at such time, or (b) $250.0 million, if any of the Secured Convertible Notes are outstanding at such time. The Company may provide written notice to each holder of the Senior Notes calling all of such holder's Senior Notes for redemption f r a cash purchase price equal to 100% of the principal amount being redeemed, plus accrued and unpaid interest (the "Optional Redemption").

Our borrowing obligations under the Senior Notes are collateralized by a first priority lien on the Company's equity interests in Tellurian Production Holdings LLC ("Tellurian Production Holdings"), a wholly owned subsidiary of Tellurian Inc. Tellurian Production Holdings owns all of the Company's upstream natural gas assets described in Note 3, *Property, Plant and Equipment*. The Senior Notes contain financial and non-financial covenants, including a minimum cash covenant of $50.0 million. As of September 30, 2023, we remained in compliance with all covenants under the Senior Notes.

As of September 30, 2023, the estimated fair value of the Senior Notes was approximately $231.2 million. The Level 3 fair value was estimated based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, including our stock price and inputs that are not observable in the market.

Senior Secured Convertible Notes due 2025

The Secured Convertible Notes have quarterly interest payments in cash due on the first day of January, April, July, and October of each year, commencing in October 2023. The holders of the Secured Convertible Notes have the right to convert the notes into shares of our common stock at an initial conversion rate of 512.8205 shares per $1,000 principal amount of notes (equivalent to a conversion price of approximately $1.95 per share of common stock) (the "Conversion Price"), subject to adjustment in certain circumstances. The Company will force the holders of the Secured Convertible Notes to convert all of the notes if the trading price of our common stock closes above 300% of the Conversion Price for 20 consecutive trading days and certain other equity conditions are satisfied. Holders of the Secured Convertible Notes may force the Company to redeem the applicable Notes for cash upon (i) a fundamental change or (ii) an event of default. On or after October 1, 2024, the holders of the Secured Convertible Notes may redeem up to the entire principal amount of the notes for a cash purchase price equal to the principal amount of the notes being redeemed, plus accrued and unpaid interest, if the Company's liquidity falls below (a) $75.0 million, if the Senior Notes are not outstanding at such time, or (b) $250.0 million, if any of the Senior Notes are outstanding at such time.

Our borrowing obligations under the Secured Convertible Notes are collateralized by a first priority lien on the Company's equity interests in Tellurian Production Holdings and mortgages of the material real property oil and gas assets of Tellurian Production Holdings LLC and its subsidiaries (together, the "Collateral"). Tellurian Production Holdings owns all of the Company's upstream natural gas assets described in Note 3, *Property, Plant and Equipment*. The Collateral will be removed as a secured obligation under the Secured Convertible Notes if the Senior Notes are no longer outstanding. The Secured Convertible Notes contain financial and non-financial covenants, including a minimum cash covenant of $50.0 million. As of September 30, 2023, we remained in compliance with all covenants under the Secured Convertible Notes.

As of September 30, 2023, the estimated fair value of the Secured Convertible Notes was approximately $82.1 million. The Level 3 fair value was estimated based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, including our stock price and inputs that are not observable in the market.

Replacement Notes Embedded Derivatives

As part of the issuance of the Replacement Notes, the Company agreed to issue an aggregate total of 25.7 million shares of its common stock (the "Share Coupon") to the holders of the Replacement Notes. The Share Coupon is payable quarterly on the first day of January, April, July, and October of each year, commencing on or before October 2023. To the extent that the average daily volume-weighted average price of the common stock of the Company during each quarter is less than $1.35, the Company will pay a cash amount equal to that difference multiplied by the number of shares issuable for that quarter (the "Cash Shortfall Payments"). Upon any retirement, redemption, or conversion of the Replacement Notes, the Company will issue any and all unpaid Share Coupon plus Cash Shortfall Payments, as applicable (the "Make Whole").

The Company evaluated the potential embedded features within the Replacement Notes host contracts and determined that the Share Coupon, the Cash Shortfall Payments and the Make Whole embedded features required bifurcation as a single unit of account from the Replacement Notes and accounted for them separately at fair value. See Note 8, *Financial Instruments,* for more information on the fair value measurement of the Replacement Notes embedded derivatives.

Senior Unsecured Notes due 2028

On November 10, 2021, we sold in a registered public offering $50.0 million aggregate principal amount of 8.25% Senior Unsecured Notes due November 30, 2028 (the "Senior Unsecured Notes"). Net proceeds from the Senior Unsecured Notes were approximately $47.5 million after deducting fees. The underwriter was granted an option to purchase up to an additional $7.5 million of the Senior Unsecured Notes within 30 days. On December 7, 2021, the underwriter exercised the option and purchased an additional $6.5 million of the Senior Unsecured Notes resulting in net proceeds of approximately

$6.2 million after deducting fees. The Senior Unsecured Notes have quarterly interest payments due on January 31, April 30, July 31, and October 31 of each year and on the maturity date. As of September 30, 2023, the Company was in compliance with all covenants under the indenture governing the Senior Unsecured Notes. The Senior Unsecured Notes are listed and trade on the NYSE American under the symbol "TELZ," and are classified as Level 1 within the fair value hierarchy. As of September 30, 2023, the closing market price was $16.60 per Senior Unsecured Note.

At-the-Market Debt Offering Program

On December 17, 2021, we entered into an at-the-market debt offering program under which the Company may offer and sell, from time to time on the NYSE American, up to an aggregate principal amount of $200.0 million of additional Senior Unsecured Notes. During the nine months ended September 30, 2022, we sold approximately $1.2 million aggregate principal amount of additional Senior Unsecured Notes for total proceeds of approximately $1.1 million after fees and commissions under our at-the-market debt offering program. On December 30, 2022, we terminated the at-the-market debt offering program.

NOTE 8 — FINANCIAL INSTRUMENTS

Natural Gas Financial Instruments

The primary purpose of our commodity risk management activities is to hedge our exposure to cash flow variability from commodity price risk due to fluctuations in commodity prices. The Company may use natural gas financial futures and option contracts to economically hedge the commodity price risks associated with a portion of our expected natural gas production. As of September 30, 2023, there were no open natural gas financial instrument positions.

LNG Financial Futures

During the year ended December 31, 2021, we entered into LNG financial futures contracts to reduce our exposure to commodity price fluctuations and to achieve more predictable cash flows relative to two LNG cargos that we were committed to purchase from and sell to unrelated third-party LNG merchants in the normal course of business in January and April 2022. As of September 30, 2023, there were no open LNG financial instrument positions.

Contingent Consideration

On August 18, 2022, the Company completed the acquisition of certain natural gas assets in the Haynesville Shale basin (the "Asset Acquisition"). The Asset Acquisition included cash consideration payable to the sellers of $7.5 million (the "Contingent Consideration") if the average NYMEX Henry Hub gas price for the contract delivery months beginning with August 2022 through March 2023 exceeded a specific threshold (the "Threshold") per MMBtu. The Threshold was not met and, therefore, the Company is not obligated to pay the Contingent Consideration.

Embedded Derivatives

We evaluate embedded features within a host contract to determine whether they are embedded derivatives that should be bifurcated and carried separately at fair value. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and recorded at fair value with subsequent changes in fair value recorded in Other income (expense), net in the Company's Condensed Consolidated Statement of Operations. As described in Note 7, *Borrowings*, we determined that the Replacement Notes contained embedded features which required bifurcation from the host contracts.

The following table presents the classification of the Company's financial instruments that are required to be measured at fair value on a recurring basis on the Company's Condensed Consolidated Balance Sheets (in thousands):

	September 30, 2023	December 31, 2022
Current assets:		
Natural gas financial instruments	$ —	$ 10,463
LNG financial futures	—	—
Current liabilities:		
Contingent Consideration	—	118
Embedded derivatives	13,268	—
Long-term liabilities:		
Embedded derivatives	22,496	—

The Company's natural gas financial instruments are valued using quoted prices in active exchange markets as of the balance sheet date and are classified as a Level 1 fair value measurement. The fair value of the Company's embedded derivatives as of September 30, 2023 was estimated using a Black-Scholes valuation model which is considered to be a Level 3 fair value measurement.

The following table summarizes the effect of the Company's financial instruments on the Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Natural gas financial instruments:				
Realized (loss) gain	$ —	$ (12,547)	$ 23,310	$ (23,798)
Unrealized loss	—	(390)	(10,463)	(8,701)
LNG financial futures:				
Realized gain	—	—	—	3,532
Unrealized loss	—	—	—	5,161
Contingent Consideration:				
Realized gain	—	—	118	—
Unrealized gain	—	309	—	309
Embedded Derivatives				
Unrealized gain	2,526	—	2,526	—

The following table summarizes changes in the Company's Embedded Derivatives (in thousands):

	Nine Months Ended September 30, 2023
Balance at January 1, 2023	$ —
Issued	40,878
Settled	(2,588)
Unrealized gain for the period included in earnings	(2,526)
Balance at September 30, 2023	$ 35,764

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Trade Finance Credit Line

On July 19, 2021, we entered into an uncommitted trade finance credit line for up to $30.0 million that is intended to finance the purchase of LNG cargos for ultimate resale in the normal course of business. On December 7, 2021, the uncommitted trade finance credit line was amended and increased to $150.0 million. As of September 30, 2023, no amounts were drawn under this credit line.

Minimum Volume Commitments

The Company is subject to gas gathering commitments with unrelated companies which provide dedicated gathering capacity for a portion of the Upstream segment's Haynesville Shale future natural gas production. The gas gathering agreements may require us to make deficiency payments to the extent the Company does not meet the minimum volume commitments per the terms of each contract. The estimated minimum volume deficiency liability as of September 30, 2023 is approximately $1.9 million.

NOTE 10 — STOCKHOLDERS' EQUITY

At-the-Market Equity Offering Programs

We maintain at-the-market equity offering programs pursuant to which we sell shares of our common stock from time to time on the NYSE American. During the nine months ended September 30, 2022, we issued 67.7 million shares of our common stock under our at-the-market equity offering programs for net proceeds of approximately $299.7 million. On December 30, 2022, we terminated the Company's then-existing at-the-market equity offering programs.

On December 30, 2022, we entered into a new at-the-market equity offering program pursuant to which the Company may sell shares of its common stock from time to time on the NYSE American for aggregate sales proceeds of up to $500.0 million. During the nine months ended September 30, 2023, we issued 36.3 million shares of our common stock under our at-the-market equity offering program for net proceeds of approximately $46.2 million. See Note 17, *Subsequent Events*, for further information.

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 Energy Inc., 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 11 — 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 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.

Upon the vesting of restricted stock, shares of common stock will be released to the grantee. Upon the vesting of restricted stock units, the units will be converted into either cash, stock, or a combination thereof. As of September 30, 2023, there was no Restricted Stock that would be required to be settled in cash.

As of September 30, 2023, we had approximately 26.2 million shares of primarily performance-based Restricted Stock outstanding, of which approximately 14.9 million shares will vest entirely at FID, as defined in the award agreements, and approximately 10.8 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 0.5 million shares, will vest based on other criteria. As of September 30, 2023, no expense had been recognized in connection with performance-based Restricted Stock.

As of September 30, 2023, unrecognized compensation expenses, based on the grant date fair value, for all share-based awards totaled approximately $172.6 million. Further, approximately 26.2 million shares of primarily performance-based Restricted Stock, as well as approximately 10.9 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.

The Company recognized share-based compensation expenses as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Share-based compensation expense	$ 196	$ 1,034	$ 1,375	$ 2,753

NOTE 12 — INCENTIVE COMPENSATION PROGRAM

On November 18, 2021, the Company’s Board of Directors approved the adoption of the Tellurian Incentive Compensation Program (the “Incentive Compensation Program” or “ICP”). The ICP allows the Company to award short-term and long-term performance and service-based incentive compensation to full-time employees. ICP awards may be earned with respect to each calendar year and are determined based on guidelines established by the Compensation Committee of the Company’s Board of Directors.

Long-term incentive awards

Long-term incentive (“LTI”) awards under the ICP were granted in January 2022 in the form of “tracking units,” at the discretion of the Compensation Committee of the Company’s Board of Directors (the “2021 LTI Awards”). Each such tracking unit has a value equal to one share of Tellurian common stock and entitles the grantee to receive, upon vesting, a cash payment equal to the closing price of our common stock on the trading day prior to the vesting date. These tracking units will vest in three equal tranches at the grant date and the first and second anniversaries of the grant date. Non-vested 2021 LTI Awards as of September 30, 2023 and awards granted during the period were as follows:

	Number of Tracking Units (in thousands)	Price per Tracking Unit
Balance at January 1, 2023	12,719	$ 1.68
Granted	—	—
Vested	(6,359)	2.13
Forfeited	(368)	1.50
Unvested balance at September 30, 2023	5,992	$ 1.16

LTI awards under the ICP were granted in February 2023 in the form of "tracking units," at the discretion of the Compensation Committee of the Company's Board of Directors (the "2022 LTI Awards"). Each such tracking unit has a value equal to one share of Tellurian common stock and entitles the grantee to receive, upon vesting, a cash payment equal to the closing price of our common stock on the trading day prior to the vesting date. These tracking units will vest in three equal tranches at the grant date and the first and second anniversaries of the grant date.

Non-vested 2022 LTI Awards as of September 30, 2023 and awards granted during the period were as follows:

	Number of Tracking Units (in thousands)	Price per Tracking Unit
Balance at January 1, 2023	—	—
Granted	14,802	$ 2.10
Vested	(4,934)	1.63
Forfeited	(574)	1.48
Unvested balance at September 30, 2023	9,294	$ 1.16

We recognize compensation expense for awards with graded vesting schedules over the requisite service periods for each separately vesting portion of the award as if each award was in substance multiple awards. Compensation expense for the first tranche of the 2021 LTI Awards and the 2022 LTI Awards that vested at the grant date was recognized over the performance period when it was probable that the performance condition was achieved. Compensation expense for the second and third tranches of the 2021 LTI Awards and the 2022 LTI Awards is recognized on a straight-line basis over the requisite service period. Compensation expense for unvested tracking units is subsequently adjusted each reporting period to reflect the estimated payout levels based on changes in the Company's stock price and actual forfeitures.

The Company recognized compensation expense related to the second and third tranches of the 2021 LTI Awards and the 2022 LTI Awards as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
2022 LTI Awards	$ 1,085	$ —	$ 6,064	$ —
2021 LTI Awards	(298)	2,832	740	17,112

NOTE 13 — INCOME TAXES

Due to our cumulative loss position, historical net operating losses ("NOLs"), and other available evidence related to our ability to generate taxable income, we have recorded a full valuation allowance against our net deferred tax assets as of September 30, 2023 and December 31, 2022. Accordingly, we have not recorded a provision for federal, state or foreign income taxes during the three and nine months ended September 30, 2023.

We experienced ownership changes as defined by Internal Revenue Code ("IRC") Section 382 in 2017, and an analysis of the annual limitation on the utilization of our NOLs was performed at that time. It was determined that IRC Section 382 will not limit the use of our NOLs over the carryover period. We will continue to monitor trading activity in our shares that may cause an additional ownership change, which may ultimately affect our ability to fully utilize our existing NOL carryforwards.

NOTE 14 — LEASES

Our Driftwood Project land leases are classified as finance 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. Our other land leases are classified as finance leases and include one or more options to extend the lease term for up to 69 years or to terminate the lease within seven years, at our sole discretion. We are reasonably certain that those options and termination rights will not be exercised, and we have, therefore, excluded those assumptions within our right of use assets and corresponding lease liabilities.

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 none of our leases provide an implicit rate, we have determined our own discount rate.

The following table shows the classification and location of our right-of-use assets and lease liabilities on our Condensed Consolidated Balance Sheets (in thousands):

Leases	Condensed Consolidated Balance Sheets Classification	September 30, 2023	December 31, 2022
Right of use asset			
Operating	Other non-current assets	$ 13,628	$ 13,303
Finance	Property, plant and equipment, net	127,143	56,708
Total leased assets		$ 140,771	$ 70,011
Liabilities			
Current			
Operating	Accrued and other liabilities	$ 3,751	$ 2,734
Finance	Accrued and other liabilities	858	140
Non-current			
Operating	Other non-current liabilities	11,729	12,148
Finance	Finance lease liabilities	121,675	49,963
Total leased liabilities		$ 138,013	$ 64,985

Lease costs recognized in our Condensed Consolidated Statements of Operations is summarized as follows (in thousands):

	Nine Months Ended September 30,	
Lease costs	2023	2022
Operating lease cost	$ 2,860	$ 2,247
Finance lease cost		
Amortization of lease assets	2,545	881
Interest on lease liabilities	6,788	2,983
Finance lease cost	9,333	3,864
Total lease cost	$ 12,193	$ 6,111

Other information about lease amounts recognized in our Condensed Consolidated Financial Statements is as follows:

	September 30, 2023
Lease term and discount rate	
Weighted average remaining lease term (years)	
Operating lease	3.8
Finance lease	36.3
Weighted average discount rate	
Operating lease	6.3 %
Finance lease	8.7 %

The following table includes other quantitative information for our operating and finance leases (in thousands):

	Nine Months Ended September 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 2,628	$ 2,545
Operating cash flows from finance leases	5,716	2,868
Financing cash flows from finance leases	344	1

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 September 30, 2023 (in thousands):

	Operating	Finance
2023	$ 1,144	$ 2,623
2024	4,655	10,491
2025	4,710	10,491
2026	4,745	10,491
2027	1,947	10,491
After 2027	275	332,826
Total lease payments	$ 17,476	$ 377,413
Less: discount	1,996	254,880
Present value of lease liability	$ 15,480	$ 122,533

NOTE 15 — ADDITIONAL CASH FLOW INFORMATION

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

	Nine Months Ended September 30,	
	2023	2022
Accounts receivable	$ 53,032	$ (53,339)
Prepaid expenses and other current assets [1]	(6,382)	(11,326)
Accounts payable	15,479	14,555
Accounts payable due to related parties	55	—
Accrued liabilities [1]	(30,055)	22,477
Other, net	—	831
Net changes in working capital	$ 32,129	$ (26,802)

[1] Excludes changes in the Company’s derivative assets and liabilities.

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

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Non-cash accruals of property, plant and equipment and other non-current assets	$ 22,380	$ 47,663

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

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash and cash equivalents	$ 59,279	$ 607,498
Current restricted cash	4,688	12,375
Non-current restricted cash	24,897	24,885
Total cash, cash equivalents and restricted cash per the statements of cash flows	$ 88,864	$ 644,758

NOTE 16 — DISCLOSURES ABOUT SEGMENTS AND RELATED INFORMATION

The Upstream segment is organized and operates to produce, gather and deliver natural gas and to acquire and develop natural gas assets. The Midstream segment is organized to develop, construct and operate LNG terminals and pipelines. The Marketing & Trading segment is organized and operates to purchase and sell natural gas produced primarily by the Upstream segment, market the Driftwood terminal's LNG production capacity and trade LNG. These operating segments represent the Company's reportable segments. The remainder of our business is presented as "Corporate," and consists of corporate costs and intersegment eliminations. The Company's Chief Operating Decision Maker does not currently assess segment performance or allocate resources based on a measure of total assets. Accordingly, a total asset measure has not been provided for segment disclosure.

Three Months Ended September 30, 2023	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ 4,215	$ —	$ 39,035	$ —	$ 43,250
Intersegment revenues (purchases) [2] [3]	39,035	(2,297)	(35,584)	(1,154)	—
Segment operating loss [4]	(12,553)	(12,497)	(2,471)	(6,862)	(34,383)
Interest income (expense), net	366	(252)	2	(4,108)	(3,992)
Loss on extinguishment of debt, net	—	—	—	(29,473)	(29,473)
Other (expense) income, net	—	—	(9)	2,440	2,431
Consolidated loss before tax					$ (65,417)

Three Months Ended September 30, 2022	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ 14,205	$ —	$ 66,898	$ —	$ 81,103
Intersegment revenues (purchases) [2] [3]	66,900	(578)	(68,217)	1,895	—
Segment operating profit (loss) [4]	40,071	(19,297)	(11,042)	(4,303)	5,429
Interest expense, net	—	(994)	—	(5,950)	(6,944)
Other income (expense), net	309	—	(12,937)	(90)	(12,718)
Consolidated loss before tax					$ (14,233)

Nine Months Ended September 30, 2023	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers (1)	$ 13,849	$ —	$ 112,323	$ —	$ 126,172
Intersegment revenues (purchases) (2) (3)	112,323	(5,417)	(101,564)	(5,342)	—
Segment operating loss (4)	(44,238)	(46,493)	(8,145)	(25,402)	(124,278)
Interest income (expense), net	943	(755)	6	(12,378)	(12,184)
Loss on extinguishment of debt, net	—	—	—	(32,295)	(32,295)
Other income (expense), net	1,193	—	12,808	2,227	16,228
Consolidated loss before tax					$ (152,529)

Nine Months Ended September 30, 2022	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers (1)	$ 15,620	$ —	$ 273,773	$ —	$ 289,393
Intersegment revenues (purchases) (2) (3)	152,824	(808)	(141,385)	(10,631)	—
Segment operating profit (loss) (4)	83,170	(57,098)	(25,093)	(30,098)	(29,119)
Interest expense, net	—	(2,984)	(455)	(10,351)	(13,790)
Other income (expense), net	309	—	(38,695)	420	(37,966)
Consolidated loss before tax					$ (80,875)

(1) The Marketing & Trading segment markets to third party-purchasers most of the Company's natural gas production from the Upstream segment

(2) The Marketing & Trading segment purchases most of the Company’s natural gas production from the Upstream segment Intersegment revenues are eliminated at consolidation

(3) Intersegment revenues related to the Marketing & Trading segment are a result of cost allocations to the Corporate component using a cost plus transfer pricing methodology Intersegment revenues related to the Corporate component are associated with intercompany interest charged to the Midstream segment Intersegment revenues are eliminated at consolidation

(4) Operating profit (loss) is defined as operating revenues less operating costs and allocated corporate costs

Capital expenditures	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Upstream	$ 106,378	$ 236,558
Midstream	168,210	137,205
Marketing & Trading	490	—
Total capital expenditures for reportable segments	275,078	373,763
Corporate capital expenditures	2,300	1,278
Consolidated capital expenditures	$ 277,378	$ 375,041

NOTE 17 — SUBSEQUENT EVENTS

At-the-Market Program

Subsequent to September 30, 2023, and through the date of this filing, we issued approximately 33.5 million shares of our common stock under our at-the-market equity offering program for net proceeds of approximately $25.7 million. As of the date of this filing, we have availability to raise aggregate gross sales proceeds of approximately $425.8 million under this at-the-market equity offering program.

ITEM 2. 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 Condensed 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
- Recent Accounting Standards

Our Business

Tellurian Inc. (“Tellurian,” “we,” “us,” “our,” or the “Company”), a Delaware corporation, is a Houston-based company that is developing and plans to operate a portfolio of natural gas, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the “Driftwood terminal”), related pipelines and upstream natural gas assets (collectively referred to as the “Business”). The Driftwood terminal and related pipelines are collectively referred to as the “Driftwood Project.” As of September 30, 2023, our upstream natural gas assets consisted of 31,149 net acres and interests in 159 producing wells located in the Haynesville Shale trend of northern Louisiana. Our Business may be developed in phases.

As part of our execution strategy, which includes increasing our asset base, we will consider various commercial arrangements with third parties across the natural gas value chain. We are also pursuing activities such as direct sales of LNG to global counterparties, trading of LNG, the acquisition of additional upstream acreage and drilling of new wells on our existing upstream acreage. We remain focused on the financing and construction of the Driftwood Project while managing our marketing & trading operations and upstream assets.

We manage and report our operations in three reportable segments. The Upstream segment is organized and operates to produce, gather, and deliver natural gas and to acquire and develop natural gas assets. The Midstream segment is organized to develop, construct and operate LNG terminals and pipelines. The Marketing & Trading segment is organized and operates to purchase and sell natural gas produced primarily by the Upstream segment, market the Driftwood terminal’s LNG production capacity and trade LNG.

We continue to evaluate the scope and other aspects of our Business in light of the evolving economic environment, dynamics of the global political landscape, needs of potential counterparties and other factors. How we execute our Business will be based on a variety of factors, including the results of our continuing analysis, changing business conditions and market feedback.

Overview of Significant Events

Debt Refinancing

On August 15, 2023, we issued and sold $250.0 million aggregate principal amount of 10% Senior Secured Notes due October 1, 2025 (the “Senior Notes”) and approximately $83.3 million aggregate principal amount of 6% Secured Convertible Notes (the “Secured Convertible Notes”) due October 1, 2025 (collectively the “Replacement Notes”). The issuance of the Replacement Notes resulted in the satisfaction and discharge of the Company’s outstanding principal repayment obligation under the Extinguished Convertible Notes.

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 and the combined proceeds generated by debt and equity issuances, upstream operations and the sale of common stock under our at-the-market equity offering program. We currently maintain an at-the-market equity offering program pursuant to which we may sell our common stock from time to time. As of the date of this filing, we have availability to raise aggregate gross sales proceeds of approximately $425.8 million under this at-the-market equity offering program.

As of September 30, 2023, we had total borrowing obligations of approximately $391.0 million. Certain of our borrowing obligations require us to maintain a minimum cash covenant of $50.0 million. We also had contractual obligations associated with our finance and operating leases totaling approximately $394.9 million, of which approximately $15.1 million is scheduled to be paid within the next twelve months. The partial redemption of the Extinguished Convertible Notes, continued expenses associated with the construction of the Driftwood Project, the development of natural gas properties and declines in natural gas prices have significantly reduced our cash on hand. Our current capital resources consist of approximately $59.3 million of cash and cash equivalents and approximately $23.7 million of accounts receivable, which we project will not be sufficient to satisfy our obligations, fund our working capital needs and allow us to remain compliant with debt covenants and liquidity thresholds for twelve months after the date the Condensed Consolidated Financial Statements are issued. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued.

We plan to mitigate these conditions by generating additional proceeds from various other potential financing transactions, such as issuances of equity, equity-linked and debt securities, or similar transactions, managing certain operating and overhead costs, refinancing the Replacement Notes, offering equity interests in the Driftwood Project and, if necessary, exploring opportunities to monetize all or a portion of our upstream natural gas assets (collectively "Management's Plans"). The Company's ability to effectively implement Management's Plans, should the Company choose to do so, is subject to numerous risks and uncertainties, including risks associated with market demand for our equity and debt securities, commodity prices and other factors affecting natural gas markets. As of the date of this filing, Management's Plans have not been implemented to alleviate the conditions which raise substantial doubt.

We remain focused on the financing and construction of the Driftwood Project while managing our marketing & trading operations and upstream assets.

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):

	Nine Months Ended September 30,	
	2023	**2022**
Cash used in operating activities	$ (2,708)	$ (65,719)
Cash used in investing activities	(295,377)	(386,130)
Cash (used in) provided by financing activities	(121,519)	789,333
Net (decrease) increase in cash, cash equivalents and restricted cash	(419,604)	337,484
Cash, cash equivalents and restricted cash, beginning of the period	508,468	307,274
Cash, cash equivalents and restricted cash, end of the period	$ 88,864	$ 644,758
Net working capital	$ (59,976)	$ 371,009

Cash used in operating activities for the nine months ended September 30, 2023 decreased by approximately $63.0 million compared to the same period in 2022 primarily due to net changes in the Company's working capital from December 31, 2022. For further information regarding the net changes in the Company's working capital, see Note 15, *Additional Cash Flow Information*, of our Notes to the Condensed Consolidated Financial Statements.

Cash used in investing activities for the nine months ended September 30, 2023 decreased by approximately $90.8 million compared to the same period in 2022. This decrease was primarily due to decreased acquisition and development of natural gas properties of approximately $107.0 million in the current period, as compared to approximately $236.6 million in the prior period. The decrease was partially offset by the funding of Driftwood Project construction activities of approximately $168.2 million in the current period, as compared to approximately $117.8 million of funding of Driftwood Project construction activities and land purchases and land improvements of approximately $19.4 million in the prior period.

Cash (used in) provided by financing activities for the nine months ended September 30, 2023 decreased by approximately $910.9 million compared to the same period in 2022. This decrease is primarily due to approximately $166.7 million in borrowing principal repayments in the current period as compared to $489.7 million in net proceeds from borrowing issuances in the prior period. The decrease is also due to approximately $46.2 million in net proceeds from equity issuances as compared to approximately $299.7 million in the prior period. See Note 7, *Borrowings* and Note 10, *Stockholders' Equity*, of our Notes to the Condensed Consolidated Financial Statements for additional information about our financing activities.

Capital Development Activities

The activities we have proposed will require significant amounts of capital and are subject to completion risks and delays. We have received all regulatory approvals for the construction of Phase 1 of the Driftwood terminal 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. In March 2022, we issued a limited notice to proceed to Bechtel Energy Inc. under our Phase 1 EPC Agreement and commenced the construction of Phase 1 of the Driftwood terminal in April 2022.

We currently estimate the total cost of the Driftwood Project to be approximately $25.0 billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction and other financing costs. The proposed Driftwood terminal will have a liquefaction capacity of up to approximately 27.6 Mtpa and will be situated on approximately 1,200 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.

Our strategy involves acquiring additional natural gas properties, including properties in the Haynesville Shale basin. We intend to pursue potential acquisitions of such assets, or public or private companies that own such assets. We 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 for the construction of the Driftwood terminal, natural gas activities, and general and administrative expenses through the use of cash on hand, proceeds from operations, and proceeds from completed and future issuances of securities by us. Investments in the construction of the Driftwood terminal and natural gas development are and will continue to be significant, but the size of those investments will depend on, among other things, commodity prices, Driftwood Project financing developments and other liquidity considerations, and our continuing analysis of strategic risks and opportunities. 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 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.

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Natural gas sales	$ 43,250	$ 81,103	$ 126,172	$ 168,442
LNG sales	—	—	—	120,951
Total revenue	43,250	81,103	126,172	289,393
Operating expenses	21,754	8,428	60,047	18,536
LNG cost of sales	—	—	—	131,663
Development expenses	10,042	12,891	33,629	48,244
Depreciation, depletion and amortization	23,661	12,860	71,058	22,735
General and administrative expenses	22,176	41,495	85,716	97,334
(Loss) income from operations	(34,383)	5,429	(124,278)	(29,119)
Interest expense, net	(3,992)	(6,944)	(12,184)	(13,790)
Loss on extinguishment of debt, net	(29,473)	—	(32,295)	—
Other income (expense), net	2,431	(12,718)	16,228	(37,966)
Income tax	—	—	—	—
Net loss	$ (65,417)	$ (14,233)	$ (152,529)	$ (80,875)

The most significant changes affecting our results of operations for the three months ended September 30, 2023, compared to the same period in 2022, on a consolidated basis and by segment, are the following:

Upstream

- Decrease of approximately $37.9 million in Natural gas sales as a result of decreased realized natural gas prices partially offset by increased production volumes attributable to the acquisition of natural gas properties in 2022 and newly drilled and completed wells during 2023 and 2022.

- Increase of approximately $13.3 million in Operating expenses as a result of increased production volumes and approximately $3.2 million of natural gas drilling rig standby costs incurred during the current period.
- Increase of approximately $10.8 million in DD&A due to the acquisition of natural gas properties in 2022, increased capital expenditures during 2022 and 2023 and increased natural gas production volumes during the current period.

Consolidated

- Decrease of approximately $19.3 million in General and administrative expenses primarily attributable to decreased compensation expenses in the current period and the accrual of a $9.0 million donation to a university for global energy research in the prior period.
- Increase of approximately $15.1 million in Other income (expense), net primarily attributable to approximately $2.5 million of unrealized gains on embedded derivative liabilities in the current period as compared to $12.5 million of realized loss on natural gas financial instruments in the prior period.
- Increase of approximately $29.5 million in Loss on extinguishment of debt, net due to the extinguishment of the Company's Extinguished Convertible Notes and issuance of the Replacement Notes.

Primarily as a result of the foregoing, our consolidated Net loss was approximately $65.4 million for the three months ended September 30, 2023, compared to a Net loss of approximately $14.2 million during the same period in 2022.

The most significant changes affecting our results of operations for the nine months ended September 30, 2023 compared to the same period in 2022, on a consolidated basis and by segment, are the following:

Upstream

- Decrease of approximately $42.3 million in Natural gas sales as a result of decreased realized natural gas prices partially offset by increased production volumes attributable to the acquisition of natural gas properties in 2022 and newly drilled and completed wells during 2023 and 2022.
- Increase of approximately $41.5 million in Operating expenses primarily as a result of increased natural gas production volumes and approximately $6.9 million of natural gas drilling rig standby costs incurred during the current period.
- Increase of approximately $48.3 million in DD&A primarily attributable to a higher asset net book value utilized in the calculation of DD&A due to the acquisition of natural gas properties in 2022, increased capital expenditures during 2022 and 2023 and increased natural gas production volumes during the current period.

Marketing & Trading

- Decrease of approximately $121.0 million and approximately $131.7 million in LNG sales and LNG cost of sales, respectively, as a result of the absence of an LNG cargo that was sold during the first quarter of 2022.

Midstream

- Decrease of approximately $14.6 million in Development expenses primarily attributable to the capitalization of directly identifiable Driftwood Project costs as construction in progress during the current period, which were expensed in the prior period and $6.2 million in the cost of land and roads donated for public use in the state of Louisiana in the prior period.

Consolidated

- Decrease of approximately $11.6 million in General and administrative expenses primarily attributable to decreased compensation expenses in the current period and the accrual of a $9.0 million donation to a university for global energy research in the prior period.
- Increase of approximately $32.3 million in Loss on extinguishment of debt, net due primarily to the extinguishment of the Company's Extinguished Convertible Notes and issuance of the Replacement Notes, which resulted in a loss of approximately $29.5 million in the current period.
- Increase of approximately $54.2 million in Other income (expense), net primarily attributable to approximately $23.3 million of realized gains on the settlement of natural gas financial instruments and $10.5 million of unrealized loss on natural gas financial instruments due to changes in the fair value of the Company's derivative instruments during the current period as compared to $23.8 million of realized loss and $8.7 million of unrealized loss on natural gas financial instruments in the prior period.

As a result of the foregoing, our consolidated Net loss was approximately $152.5 million for the nine months ended September 30, 2023, compared to a Net loss of approximately $80.9 million during the same period in 2022.

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 Condensed Consolidated Financial Statements or related disclosures.

Critical Accounting Estimates

There were no changes made by management to the critical accounting policies in the three months ended September 30, 2023. Please refer to the Summary of Critical Accounting Estimates section within Management's Discussion and Analysis and Note 2 to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of our critical accounting estimates and accounting policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2023, there were no open natural gas financial instrument positions. Accordingly, we do not believe that we hold, or are party to, instruments that are subject to market risks that are material to our Business. Refer to Note 8, *Financial Instruments*, of the Condensed Consolidated Financial Statements included in this Quarterly Report for additional details about our financial instruments.

ITEM 4. CONTROLS AND PROCEDURES

As indicated in the certifications in Exhibits 31.1 and 31.2 to this report, our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of September 30, 2023. Based on that evaluation, these officers have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There were no changes during our last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and Part II, Item 1A, of our Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2023 and June 30, 2023, other than as follows:

There is substantial doubt about our ability to continue as a going concern.

To date, we have been meeting our liquidity needs primarily from cash on hand and the combined proceeds generated by debt and equity issuances, upstream operations, and the sale of common stock under our at-the-market equity offering programs. As of September 30, 2023, we had approximately $59.3 million in cash and cash equivalents, which we expect will not be sufficient to satisfy our obligations and fund our working capital needs for the next twelve months. The Replacement Notes contain financial and non-financial covenants, including a minimum cash covenant of $50.0 million. We estimate that our cash and cash equivalents balance was approximately $83.0 million as of October 31, 2023. Notwithstanding October's estimated higher cash balance over the prior month, there is substantial doubt about our ability to continue as a going concern.

We continue to evaluate ways to generate additional proceeds from potential financing transactions, including but not limited to issuances of equity, equity-linked and debt securities or similar transactions, managing certain operating and overhead costs, refinancing the Replacement Notes, offering equity interests in the Driftwood Project and, if necessary, exploring opportunities to monetize all or a portion of our Upstream natural gas assets ("Management's Plans"), to fund our obligations and working capital needs. Our ability to implement Management's Plans, if we elect to do so, is subject to numerous risks and uncertainties, including risks associated with market demand for our equity and debt securities, commodity prices and other factors affecting natural gas markets. As such, there can be no assurance that we will be able to implement Management's Plans or otherwise obtain additional liquidity or refinance existing indebtedness on acceptable terms or at all.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None that occurred during the three months ended September 30, 2023, that was not previously included in a Current Report on Form 8-K of the Company.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None that occurred during the three months ended September 30, 2023.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended September 30, 2023, none of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description
4.1	Indenture, dated as of June 3, 2022, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 3, 2022)
4.2	Fifth Supplemental Indenture, dated as of July 14, 2023, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on July 17, 2023)
4.3	Sixth Supplemental Indenture, dated as of July 28, 2023, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on July 31, 2023)
4.4	Seventh Supplemental Indenture, dated as of August 6, 2023, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on August 7, 2023)
4.5	Eighth Supplemental Indenture, dated as of August 15, 2023, by and among Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, and the collateral agent named therein, relating to the 10.00% Senior Secured Notes due 2025 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 15, 2023)
4.6	Ninth Supplemental Indenture, dated as of August 15, 2023, by and among Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, and the collateral agent named therein, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on August 15, 2023)
4.7	Form of 10.00% Senior Secured Note due 2025 (included as Exhibit A to Exhibit 4.5)
4.8	Form of 6.00% Senior Secured Convertible Note due 2025 (included as Exhibit A to Exhibit 4.6)
10.1*	Commitment Letter, dated as of July 18, 2023, by and between Tellurian Inc. and Blue Owl Real Estate Fund VI OP LP
10.2‡	Securities Purchase Agreement, dated as of August 8, 2023, by and between Tellurian Inc. and the investor named therein (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023)
10.3	Redemption Letter Agreement, dated as of August 8, 2023, by and among Tellurian Inc. and the other parties named therein (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023)
10.4*	Form of Warrant to Purchase Common Stock
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
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	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL

*	Filed herewith.
**	Furnished herewith.
‡	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.

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:	November 2, 2023	By:	/s/ Simon G. Oxley
			Simon G. Oxley Chief Financial Officer (as Principal Financial Officer) Tellurian Inc.
	November 2, 2023	By:	/s/ Khaled A. Sharafeldin
			Khaled A. Sharafeldin Chief Accounting Officer (as Principal Accounting Officer) Tellurian Inc.

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

FORM 10-Q

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

For the quarterly period ended June 30, 2023

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**	**NYSE American LLC**
8.25% Senior Notes due 2028	**TELZ**	**NYSE American LLC**

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

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 x 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 x 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes □ No x

As of August 7, 2023, there were 581,819,726 shares of common stock, $0.01 par value, issued and outstanding.

Tellurian Inc.

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,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “initial,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “proposed,” “should,” “will,” “would” and similar terms, phrases, and 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 costs or capital expenditures;
- availability of liquidity and capital resources;
- our ability to obtain 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;
- attributes and 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, customers and other counterparties 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;
- 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

To the extent applicable, and as used in this quarterly report, the terms listed below have the following meanings:

Bcf	Billion cubic feet of natural gas
DD&A	Depreciation, depletion and amortization
DFC	Deferred financing costs
EPC	Engineering, procurement and construction
FID	Final investment decision as it pertains to the Driftwood Project
FERC	U.S. Federal Energy Regulatory Commission
GAAP	Generally accepted accounting principles in the U.S.
LNG	Liquefied natural gas
LSTK	Lump sum turnkey
Mtpa	Million tonnes per annum
NYSE American	NYSE American LLC
Phase 1	Plants one and two of the Driftwood terminal
Train	An industrial facility comprised of a series of refrigerant compressor loops used to cool natural gas into LNG
U.S.	United States

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TELLURIAN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts, unaudited)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 106,706	$ 474,205
Accounts receivable	15,731	76,731
Prepaid expenses and other current assets	17,700	23,355
Total current assets	140,137	574,291
Property, plant and equipment, net	1,048,880	789,076
Other non-current assets	71,233	63,316
Total assets	$ 1,260,250	$ 1,426,683
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 49,955	$ 4,805
Accrued and other liabilities	83,808	129,180
Borrowings	—	163,556
Total current liabilities	133,763	297,541
Long-term liabilities:		
Borrowings	383,571	382,208
Finance lease liabilities	121,895	49,963
Other non-current liabilities	21,647	24,428
Total long-term liabilities	527,113	456,599
Commitments and Contingencies (Note 9)		
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, 1,600,000,000 authorized: 573,268,037 and 564,567,568 shares outstanding, respectively	5,560	5,456
Additional paid-in capital	1,661,735	1,647,896
Accumulated deficit	(1,067,982)	(980,870)
Total stockholders' equity	599,374	672,543
Total liabilities and stockholders' equity	$ 1,260,250	$ 1,426,683

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues:				
Natural gas sales	$ 31,987	$ 61,350	$ 82,922	$ 87,339
LNG sales	—	—	—	120,951
Total revenue	31,987	61,350	82,922	208,290
Operating costs and expenses:				
Operating expenses	20,848	5,943	38,293	10,108
LNG cost of sales	—	—	—	131,663
Development expenses	11,530	17,687	23,587	35,352
Depreciation, depletion and amortization	25,210	5,854	47,397	9,875
General and administrative expenses	31,290	23,514	63,540	55,839
Total operating costs and expenses	88,878	52,998	172,817	242,837
(Loss) income from operations	(56,891)	8,352	(89,895)	(34,547)
Interest expense, net	(4,182)	(4,566)	(8,192)	(6,846)
Loss on extinguishment of debt, net	—	—	(2,822)	—
Other income (expense), net	1,454	(3,821)	13,797	(25,249)
Loss before income taxes	(59,619)	(35)	(87,112)	(66,642)
Income tax	—	—	—	—
Net loss	$ (59,619)	$ (35)	$ (87,112)	$ (66,642)
Net loss per common share[(1)]:				
Basic and diluted	$ (0.11)	$ 0.00	$ (0.16)	$ (0.13)
Weighted-average shares outstanding:				
Basic and diluted	540,365	534,521	539,039	515,338

(1) The numerator for both basic and diluted loss per share is net loss The denominator for both basic and diluted loss per share is the weighted-average shares outstanding during the period

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total shareholders' equity, beginning balance	$ 645,543	$ 524,655	$ 672,543	$ 418,301
Preferred stock	61	61	61	61
Common stock:				
Beginning balance	5,458	5,229	5,456	4,774
Common stock issuances	101	223	101	677
Share-based compensation, net	1	2	3	2
Share-based payment	—	—	—	1
Ending balance	5,560	5,454	5,560	5,454
Additional paid-in capital:				
Beginning balance	1,648,387	1,517,031	1,647,896	1,344,526
Common stock issuances	12,663	127,859	12,663	299,063
Share-based compensation, net	685	811	1,176	1,716
Share-based payments	—	219	—	616
Ending balance	1,661,735	1,645,920	1,661,735	1,645,920
Accumulated deficit:				
Beginning balance	(1,008,363)	(997,666)	(980,870)	(931,059)
Net loss	(59,619)	(35)	(87,112)	(66,642)
Ending balance	(1,067,982)	(997,701)	(1,067,982)	(997,701)
Total shareholders' equity, ending balance	$ 599,374	$ 653,734	$ 599,374	$ 653,734

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (87,112)	$ (66,642)
Adjustments to reconcile Net loss to Net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	47,397	9,875
Amortization of debt issuance costs, discounts and fees	1,652	580
Share-based compensation	1,179	1,718
Share-based payments	—	616
Net unrealized loss on financial instruments not designated as hedges	10,346	13,472
Loss on extinguishment of debt, net	2,822	—
Other	2,142	555
Net changes in working capital (Note 15)	37,654	(43,672)
Net cash provided by (used in) operating activities	16,080	(83,498)
Cash flows from investing activities:		
Development of natural gas properties	(95,231)	(66,500)
Driftwood Project construction costs	(112,565)	(68,725)
Land purchases and land improvements	—	(17,425)
Investment in unconsolidated entity	—	(6,089)
Note receivable	(18,000)	—
Capitalized internal use software and other assets	(3,530)	—
Net cash used in investing activities	(229,326)	(158,739)
Cash flows from financing activities:		
Proceeds from common stock issuances	13,163	309,021
Equity issuance costs	(399)	(9,281)
Borrowing proceeds	—	501,178
Borrowing issuance costs	—	(11,488)
Borrowing principal repayments	(166,666)	—
Other	(344)	(3,063)
Net cash (used in) provided by financing activities	(154,246)	786,367
Net (decrease) increase in cash, cash equivalents and restricted cash	(367,492)	544,130
Cash, cash equivalents and restricted cash, beginning of period	508,468	307,274
Cash, cash equivalents and restricted cash, end of period	$ 140,976	$ 851,404
Supplementary disclosure of cash flow information:		
Interest paid, net of capitalized interest	$ 13,681	$ 4,928

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

NOTE 1 — GENERAL

Tellurian Inc. (“Tellurian,” “we,” “us,” “our,” or the “Company”), a Delaware corporation, is a Houston-based company that is developing and plans to operate a portfolio of natural gas, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the “Driftwood terminal”), related pipelines and upstream natural gas assets (collectively referred to as the “Business”). The Driftwood terminal and related pipelines 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

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2022. The Condensed Consolidated Financial Statements, in the opinion of management, reflect all adjustments necessary for the fair presentation of the results for the periods presented. All adjustments are of a normal recurring nature unless otherwise disclosed.

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.

To conform with GAAP, we make estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements and the accompanying notes. Although these estimates and assumptions are based on our best available knowledge at the time, actual results may differ.

Liquidity

Our Condensed Consolidated Financial Statements have been 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 Condensed Consolidated Financial Statements, we have historically 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 Condensed Consolidated Financial Statements.

We are planning to meet our liquidity needs from cash on hand and the combined proceeds generated by our Upstream operations and the sale of common stock under our at-the-market equity offering program. On August 8, 2023, we entered into a private placement securities purchase agreement (the “SPA”) with an institutional investor to refinance the Company’s existing convertible notes. See Note 17, *Subsequent Events,* for additional information. The SPA is expected to close in the near future, subject to the satisfaction of customary closing conditions. We have determined that it is probable that the closing of the SPA will occur and that such sources of liquidity will satisfy our obligations, fund working capital needs and allow us to remain compliant with our debt covenants 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. We remain focused on the financing and construction of the Driftwood Project while managing our marketing & trading operations and upstream assets.

NOTE 2 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Prepaid expenses	$ 1,957	$ 2,174
Deposits	273	172
Restricted cash	9,375	9,375
Derivative asset, net current (Note 5)	—	10,463
Other current assets	6,095	1,171
Total prepaid expenses and other current assets	$ 17,700	$ 23,355

Restricted Cash

Restricted cash as of June 30, 2023 and December 31, 2022 consists of approximately $9.4 million held in escrow under the terms of the purchase and sale agreement for the acquisition of certain natural gas assets in the Haynesville Shale.

NOTE 3 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Upstream natural gas assets:		
Proved properties	$ 489,608	$ 412,977
Wells in progress	66,071	55,374
Accumulated DD&A	(138,177)	(92,423)
Total upstream natural gas assets, net	417,502	375,928
Driftwood Project assets:		
Terminal construction in progress	414,625	292,734
Pipeline construction in progress	21,071	—
Land and land improvements	53,664	52,460
Finance lease assets, net of accumulated DD&A	56,121	56,708
Buildings and other assets, net of accumulated DD&A	325	340
Total Driftwood Project assets, net	545,806	402,242
Fixed assets and other:		
Finance lease assets, net of accumulated DD&A	71,939	—
Leasehold improvements and other assets	16,867	12,672
Accumulated DD&A	(3,234)	(1,766)
Total fixed assets and other, net	85,572	10,906
Total property, plant and equipment, net	$ 1,048,880	$ 789,076

Terminal Construction in Progress

During the six months ended June 30, 2023, we capitalized approximately $121.9 million of directly identifiable project costs as Driftwood terminal construction in progress.

Pipeline Construction in Progress

On April 21, 2023, the Company received FERC approval for the construction of the Driftwood pipelines. During the second quarter of 2023, pipeline materials and rights of way of approximately $14.6 million were transferred to construction in progress in accordance with our accounting policies. During the three months ended June 30, 2023, we also capitalized approximately $6.4 million of directly identifiable project costs as Pipeline construction in progress.

NOTE 4 — OTHER NON-CURRENT ASSETS

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

	June 30, 2023	December 31, 2022
Land lease and purchase options	$ 8	$ 300
Permitting costs	—	916
Right of use asset — operating leases	14,477	13,303
Restricted cash	24,895	24,888
Investment in unconsolidated entity	6,089	6,089
Note receivable	24,189	6,595
Pipeline materials and rights of way	—	9,136
Other	1,575	2,089
Total other non-current assets	$ 71,233	$ 63,316

Restricted Cash

Restricted cash as of June 30, 2023 and December 31, 2022 represents cash collateralization of a letter of credit associated with a finance lease.

Note Receivable

In February 2023, the Company issued an amended and restated promissory note due June 14, 2031 (the "Note Receivable") to an unaffiliated entity engaged in the development of infrastructure projects in the energy industry. The outstanding principal balance of the Note Receivable as of June 30, 2023 was approximately $24.2 million. The promissory note bears interest at a rate of 6.00%, which is capitalized into the outstanding principal balance annually.

Pipeline materials and rights of way

Pipeline materials and rights of way were transferred to construction in progress as of June 30, 2023. See Note 3 *Property, Plant and Equipment*.

NOTE 5 — FINANCIAL INSTRUMENTS

Natural Gas Financial Instruments

The primary purpose of our commodity risk management activities is to hedge our exposure to cash flow variability from commodity price risk due to fluctuations in commodity prices. The Company uses natural gas financial futures and option contracts to economically hedge the commodity price risks associated with a portion of our expected natural gas production. As of June 30, 2023, there were no open natural gas financial instrument positions.

LNG Financial Futures

During the year ended December 31, 2021, we entered into LNG financial futures contracts to reduce our exposure to commodity price fluctuations and to achieve more predictable cash flows relative to two LNG cargos that we were committed to purchase from and sell to unrelated third-party LNG merchants in the normal course of business in January and April 2022. As of June 30, 2023, there were no open LNG financial instrument positions.

Contingent Consideration

On August 18, 2022, the Company completed the acquisition of certain natural gas assets in the Haynesville Shale basin (the "Asset Acquisition"). The Asset Acquisition included cash consideration payable to the sellers of $7.5 million (the "Contingent Consideration") if the average NYMEX Henry Hub gas price for the contract delivery months beginning with August 2022 through March 2023 exceeded a specific threshold (the "Threshold") per MMBtu. The Threshold was not met and, therefore, the Company is not obligated to pay the Contingent Consideration.

The following table summarizes the effect of the Company's financial instruments on the Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Natural gas financial instruments:				
Realized gain (loss)	$ 11,444	$ (10,536)	$ 23,310	$ (11,251)
Unrealized (loss) gain	(10,891)	6,790	(10,463)	(8,311)
LNG financial futures:				
Realized gain	—	—	—	3,532
Unrealized loss	—	—	—	5,161
Contingent Consideration:				
Realized gain	—	—	118	—

The following table presents the classification of the Company's financial derivative assets and liabilities that are required to be measured at fair value on a recurring basis on the Company's Condensed Consolidated Balance Sheets (in thousands):

	June 30, 2023	December 31, 2022
Current assets:		
Natural gas financial instruments	$ —	$ 10,463
LNG financial futures	—	—
Current liabilities:		
Contingent Consideration	—	118

The Company's natural gas financial instruments are valued using quoted prices in active exchange markets as of the balance sheet date and are classified as Level 1 within the fair value hierarchy.

NOTE 6 — RELATED PARTY TRANSACTIONS

Related Party Contractor Service Fees and Expenses

The Company entered into a one-year independent contractor agreement, effective January 1, 2022, with Mr. Martin Houston, the Vice Chairman of the Company's Board of Directors. Pursuant to the terms and conditions of this agreement, the Company paid Mr. Houston a monthly fee of $50.0 thousand plus approved expenses. In December 2022, the Company amended the independent contractor agreement to expire on the earlier of (i) termination of Mr. Houston and (ii) December 31, 2023, and to increase the monthly fee to $55.0 thousand plus approved expenses. For the three and six months ended June 30, 2023, the Company paid Mr. Houston $220.0 thousand and $330.0 thousand, respectively, for contractor service fees and expenses. For each of the three and six months ended June 30, 2022, the Company paid Mr. Houston $325.0 thousand for contractor service fees and expenses. As of June 30, 2023 and 2022, there were no amounts owed to Mr. Houston.

NOTE 7 — ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Upstream accrued liabilities	$ 39,696	$ 71,977
Payroll and compensation	20,367	37,329
Accrued taxes	909	730
Driftwood Project development activities	6,162	4,423
Lease liabilities	4,310	2,875
Accrued interest	4,126	5,793
Other	8,238	6,053
Total accrued and other liabilities	$ 83,808	$ 129,180

NOTE 8 — BORROWINGS

The Company's borrowings consist of the following (in thousands):

	June 30, 2023		
	Principal repayment obligation	Unamortized DFC	Carrying value
Senior Secured Convertible Notes, current	$ —	$ —	$ —
Senior Secured Convertible Notes, non-current	333,334	(5,024)	328,310
Senior Notes due 2028	57,678	(2,417)	55,261
Total borrowings	$ 391,012	$ (7,441)	$ 383,571

	December 31, 2022		
	Principal repayment obligation	Unamortized DFC	Carrying value
Senior Secured Convertible Notes, current	$ 166,666	$ (3,110)	$ 163,556
Senior Secured Convertible Notes, non-current	333,334	(6,219)	327,115
Senior Notes due 2028	57,678	(2,585)	55,093
Total borrowings	$ 557,678	$ (11,914)	$ 545,764

Amortization of the Company's DFC is a component of Interest expense, net in the Company's Condensed Consolidated Statements of Operations. The Company amortized approximately $0.7 million and $1.7 million during the three and six months ended June 30, 2023, respectively. For each of the three and six months ended June 30, 2022, the Company amortized approximately $0.6 million.

Senior Secured Convertible Notes due 2025

On June 3, 2022, we issued and sold $500.0 million aggregate principal amount of 6.00% Senior Secured Convertible Notes due May 1, 2025 (the "Convertible Notes" or the "Notes"). Net proceeds from the Convertible Notes were approximately $488.7 million after deducting fees and expenses. The Convertible Notes have quarterly interest payments due on February 1, May 1, August 1, and November 1 of each year and on the maturity date. Debt issuance costs of approximately $11.5 million were capitalized and are being amortized over the full term of the Notes using the effective interest rate method.

The holders of the Convertible Notes have the right to convert the Notes into shares of our common stock at an initial conversion rate of 174.703 shares per $1,000 principal amount of Notes (equivalent to a conversion price of approximately $5.724 per share of common stock) (the "Conversion Price"), subject to adjustment in certain circumstances. Holders of the Convertible Notes may force the Company to redeem the Notes for cash upon (i) a fundamental change or (ii) an event of default.

The Company will force the holders of the Convertible Notes to convert all of the Notes if the trading price of our common stock closes above 200% of the Conversion Price for 20 consecutive trading days and certain other conditions are satisfied. The Company may provide written notice to each holder of the Notes calling all of such holder's Notes for a cash purchase price equal to 120% of the principal amount being redeemed, plus accrued and unpaid interest (the "Optional Redemption"), and each holder will have the right to accept or reject such Optional Redemption.

On each of May 1, 2023 and May 1, 2024, the holders of the Convertible Notes may redeem up to $166.7 million of the initial principal amount of the Notes at par, plus accrued and unpaid interest (the "Redemption Amount"). On March 27, 2023, the holders of the Convertible Notes delivered to the Company notice to redeem $166.7 million of the initial principal amount of the Notes at par, plus accrued interest (the "Redemption Amount"). On March 28, 2023, the Company irrevocably deposited the Redemption Amount of approximately $169.1 million in order to satisfy the redemption and retirement of $166.7 million principal amount of the Convertible Notes, plus accrued interest. As a result of the Company's payment of the Redemption Amount prior to the Convertible Notes' contractual maturity, the Company wrote off approximately $2.8 million of prorated unamortized debt issuance costs, which was recognized within Loss on extinguishment of debt, net, in our Condensed Consolidated Statements of Operations.

Our borrowing obligations under the Convertible Notes are collateralized by a first priority lien on the Company's equity interests in Tellurian Production Holdings LLC ("Tellurian Production Holdings"), a wholly owned subsidiary of Tellurian Inc. Tellurian Production Holdings owns all of the Company's upstream natural gas assets described in Note 3, *Property, Plant and Equipment*. Upon the Company's compliance with its obligations in respect of an Optional Redemption (regardless of whether holders accept or reject the redemption), the lien on the equity interests in Tellurian Production Holdings will be automatically released. The Notes contain a minimum cash covenant of $100.0 million and non-financial covenants. The Company and the holders of the Convertible Notes entered into supplemental indentures in June, July and August 2023, which decreased the minimum cash covenant from $100.0 million to $60.0 million during the period from June 16, 2023 to August 18, 2023. As of June 30, 2023, we remained in compliance with all covenants under the Notes. See Note 17, *Subsequent Events*, for further information.

As of June 30, 2023, the estimated fair value of the Convertible Notes was approximately $289.4 million. The Level 3 fair value was estimated based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, including our stock price and inputs that are not observable in the market.

Senior Notes due 2028

On November 10, 2021, we sold in a registered public offering $50.0 million aggregate principal amount of 8.25% Senior Notes due November 30, 2028 (the "Senior Notes"). Net proceeds from the Senior Notes were approximately $47.5 million after deducting fees. The underwriter was granted an option to purchase up to an additional $7.5 million of the Senior Notes within 30 days. On December 7, 2021, the underwriter exercised the option and purchased an additional $6.5 million of the Senior Notes resulting in net proceeds of approximately $6.2 million after deducting fees. The Senior Notes have quarterly interest payments due on January 31, April 30, July 31, and October 31 of each year and on the maturity date. As of June 30, 2023, the Company was in compliance with all covenants under the indenture governing the Senior Notes. The Senior Notes are listed and trade on the NYSE American under the symbol "TELZ," and are classified as Level 1 within the fair value hierarchy. As of June 30, 2023, the closing market price was $17.39 per Senior Note.

At-the-Market Debt Offering Program

On December 17, 2021, we entered into an at-the-market debt offering program under which the Company may offer and sell, from time to time on the NYSE American, up to an aggregate principal amount of $200.0 million of additional Senior Notes. During the six months ended June 30, 2022, we sold approximately $1.2 million aggregate principal amount of additional Senior Notes for total proceeds of approximately $1.1 million after fees and commissions under our at-the-market debt offering program. On December 30, 2022, we terminated the at-the-market debt offering program.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Trade Finance Credit Line

On July 19, 2021, we entered into an uncommitted trade finance credit line for up to $30.0 million that is intended to finance the purchase of LNG cargos for ultimate resale in the normal course of business. On December 7, 2021, the uncommitted trade finance credit line was amended and increased to $150.0 million. As of June 30, 2023, no amounts were drawn under this credit line.

Minimum Volume Commitments

The Company is expected to be subject to gas gathering commitments in the near-term with unrelated companies that are constructing gathering systems in the Haynesville Shale. Upon the in-service date of these gathering systems, the Company will have dedicated gathering capacity from a portion of the Upstream segment's future natural gas production. The gas gathering agreements will require us to make deficiency payments to the extent the Company does not meet the minimum volume commitments per the terms of each contract. As of June 30, 2023, we were not subject to any material volume delivery commitments.

NOTE 10 — STOCKHOLDERS' EQUITY

At-the-Market Equity Offering Programs

We maintain at-the-market equity offering programs pursuant to which we sell shares of our common stock from time to time on the NYSE American. During the six months ended June 30, 2022, we issued 67.7 million shares of our common stock under our at-the-market equity offering programs for net proceeds of approximately $299.7 million. On December 30, 2022, we terminated the Company's then-existing at-the-market equity offering programs.

On December 30, 2022, we entered into a new at-the-market equity offering program pursuant to which the Company may sell shares of its common stock from time to time on the NYSE American for aggregate sales proceeds of up to $500.0 million. During each of the three and six months ended June 30, 2023, we issued 10.1 million shares of our common stock under our at-the-market equity offering program for net proceeds of approximately $12.8 million. See Note 17, *Subsequent Events*, for further information.

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 Energy Inc., 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 11 — 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 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.

Upon the vesting of restricted stock, shares of common stock will be released to the grantee. Upon the vesting of restricted stock units, the units will be converted into either cash, stock, or a combination thereof. As of June 30, 2023, there was no Restricted Stock that would be required to be settled in cash.

As of June 30, 2023, we had approximately 26.5 million shares of primarily performance-based Restricted Stock outstanding, of which approximately 15.0 million shares will vest entirely at FID, as defined in the award agreements, and approximately 11.0 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 0.5 million shares, will vest based on other criteria. As of June 30, 2023, no expense had been recognized in connection with performance-based Restricted Stock.

As of June 30, 2023, unrecognized compensation expenses, based on the grant date fair value, for all share-based awards totaled approximately $174.5 million. Further, approximately 26.5 million shares of primarily performance-based Restricted Stock, as well as approximately 10.9 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.

The Company recognized share-based compensation expenses as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Share-based compensation expense	$ 686	$ 813	$ 1,179	$ 1,718

NOTE 12 — INCENTIVE COMPENSATION PROGRAM

On November 18, 2021, the Company's Board of Directors approved the adoption of the Tellurian Incentive Compensation Program (the "Incentive Compensation Program" or "ICP"). The ICP allows the Company to award short-term and long-term performance and service-based incentive compensation to full-time employees. ICP awards may be earned with respect to each calendar year and are determined based on guidelines established by the Compensation Committee of the Company's Board of Directors.

Long-term incentive awards

Long-term incentive ("LTI") awards under the ICP were granted in January 2022 in the form of "tracking units," at the discretion of the Compensation Committee of the Company's Board of Directors (the "2021 LTI Awards"). Each such tracking unit has a value equal to one share of Tellurian common stock and entitles the grantee to receive, upon vesting, a cash payment equal to the closing price of our common stock on the trading day prior to the vesting date. These tracking units will vest in three equal tranches at the grant date and the first and second anniversaries of the grant date. Non-vested 2021 LTI Awards as of June 30, 2023 and awards granted during the period were as follows:

	Number of Tracking Units (in thousands)	Price per Tracking Unit
Balance at January 1, 2023	12,719	$ 1.68
Granted	—	—
Vested	(6,359)	2.13
Forfeited	(327)	1.49
Unvested balance at June 30, 2023	6,033	$ 1.41

LTI awards under the ICP were granted in February 2023 in the form of "tracking units," at the discretion of the Compensation Committee of the Company's Board of Directors (the "2022 LTI Awards"). Each such tracking unit has a value equal to one share of Tellurian common stock and entitles the grantee to receive, upon vesting, a cash payment equal to the closing price of our common stock on the trading day prior to the vesting date. These tracking units will vest in three equal tranches at the grant date and the first and second anniversaries of the grant date.

Non-vested 2022 LTI Awards as of June 30, 2023 and awards granted during the period were as follows:

	Number of Tracking Units (in thousands)	Price per Tracking Unit
Balance at January 1, 2023	—	—
Granted	14,789	$ 2.10
Vested	(4,930)	1.63
Forfeited	(444)	1.47
Unvested balance at June 30, 2023	9,415	$ 1.41

We recognize compensation expense for awards with graded vesting schedules over the requisite service periods for each separately vesting portion of the award as if each award was in substance multiple awards. Compensation expense for the first tranche of the 2021 LTI Awards and the 2022 LTI Awards that vested at the grant date was recognized over the performance period when it was probable that the performance condition was achieved. Compensation expense for the second and third tranches of the 2021 LTI Awards and the 2022 LTI Awards is recognized on a straight-line basis over the requisite service period. Compensation expense for unvested tracking units is subsequently adjusted each reporting period to reflect the estimated payout levels based on changes in the Company's stock price and actual forfeitures.

The Company recognized compensation expense related to the second and third tranches of the 2021 LTI Awards and the 2022 LTI Awards as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
2022 LTI Awards	$ 2,801	$ —	$ 4,979	$ —
2021 LTI Awards	1,739	1,563	1,038	14,280

NOTE 13 — INCOME TAXES

Due to our cumulative loss position, historical net operating losses ("NOLs"), and other available evidence related to our ability to generate taxable income, we have recorded a full valuation allowance against our net deferred tax assets as of June 30, 2023 and December 31, 2022. Accordingly, we have not recorded a provision for federal, state or foreign income taxes during the three and six months ended June 30, 2023.

We experienced ownership changes as defined by Internal Revenue Code ("IRC") Section 382 in 2017, and an analysis of the annual limitation on the utilization of our NOLs was performed at that time. It was determined that IRC Section 382 will not limit the use of our NOLs over the carryover period. We will continue to monitor trading activity in our shares that may cause an additional ownership change, which may ultimately affect our ability to fully utilize our existing NOL carryforwards.

NOTE 14 — LEASES

Our Driftwood Project land leases are classified as finance 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. Our other land leases are classified as finance leases and include one or more options to extend the lease term for up to 69 years or to terminate the lease within seven years, at our sole discretion. We are reasonably certain that those options and termination rights will not be exercised, and we have, therefore, excluded those assumptions within our right of use assets and corresponding lease liabilities.

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 none of our leases provide an implicit rate, we have determined our own discount rate.

The following table shows the classification and location of our right-of-use assets and lease liabilities on our Condensed Consolidated Balance Sheets (in thousands):

Leases	**Condensed Consolidated Balance Sheets Classification**	**June 30, 2023**	**December 31, 2022**
Right of use asset			
Operating	Other non-current assets	$ 14,477	$ 13,303
Finance	Property, plant and equipment, net	128,060	56,708
Total leased assets		$ 142,537	$ 70,011
Liabilities			
Current			
Operating	Accrued and other liabilities	$ 3,468	$ 2,734
Finance	Accrued and other liabilities	842	140
Non-current			
Operating	Other non-current liabilities	12,698	12,148
Finance	Finance lease liabilities	121,895	49,963
Total leased liabilities		$ 138,903	$ 64,985

Lease costs recognized in our Condensed Consolidated Statements of Operations is summarized as follows (in thousands):

	Six Months Ended June 30,	
Lease costs	**2023**	**2022**
Operating lease cost	$ 1,804	$ 1,452
Finance lease cost		
Amortization of lease assets	1,627	587
Interest on lease liabilities	4,370	1,990
Finance lease cost	5,997	2,577
Total lease cost	$ 7,801	$ 4,029

Other information about lease amounts recognized in our Condensed Consolidated Financial Statements is as follows:

	June 30, 2023
Lease term and discount rate	
Weighted average remaining lease term (years)	
Operating lease	4.0
Finance lease	36.6
Weighted average discount rate	
Operating lease	6.4 %
Finance lease	8.6 %

The following table includes other quantitative information for our operating and finance leases (in thousands):

	Six Months Ended June 30,	
	2023	**2022**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 2,009	$ 1,494
Operating cash flows from finance leases	4,294	2,668
Financing cash flows from finance leases	170	—

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 June 30, 2023 (in thousands):

	Operating	Finance
2023	$ 2,041	$ 5,245
2024	4,665	10,491
2025	4,720	10,491
2026	4,754	10,491
2027	1,953	10,491
After 2027	275	332,826
Total lease payments	$ 18,408	$ 380,035
Less: discount	2,242	257,298
Present value of lease liability	$ 16,166	$ 122,737

NOTE 15 — ADDITIONAL CASH FLOW INFORMATION

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

	Six Months Ended June 30,	
	2023	2022
Accounts receivable	$ 61,000	$ (22,705)
Prepaid expenses and other current assets [1]	(6,370)	(11,454)
Accounts payable	28,482	2,271
Accrued liabilities [1]	(45,458)	(12,585)
Other, net	—	801
Net changes in working capital	$ 37,654	$ (43,672)

[1] Excludes changes in the Company's derivative assets and liabilities.

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

	Six Months Ended June 30,	
	2023	2022
Non-cash accruals of property, plant and equipment and other non-current assets	$ 9,406	$ (3,551)

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

	Six Months Ended June 30,	
	2023	2022
Cash and cash equivalents	$ 106,706	$ 823,522
Current restricted cash	9,375	3,000
Non-current restricted cash	24,895	24,882
Total cash, cash equivalents and restricted cash per the statements of cash flows	$ 140,976	$ 851,404

NOTE 16 — DISCLOSURES ABOUT SEGMENTS AND RELATED INFORMATION

The Upstream segment is organized and operates to produce, gather and deliver natural gas and to acquire and develop natural gas assets. The Midstream segment is organized to develop, construct and operate LNG terminals and pipelines. The Marketing & Trading segment is organized and operates to purchase and sell natural gas produced primarily by the Upstream segment, market the Driftwood terminal's LNG production capacity and trade LNG. These operating segments represent the Company's reportable segments. The remainder of our business is presented as "Corporate," and consists of corporate costs and intersegment eliminations. The Company's Chief Operating Decision Maker does not currently assess segment performance or allocate resources based on a measure of total assets. Accordingly, a total asset measure has not been provided for segment disclosure.

Three Months Ended June 30, 2023	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ 5,780	$ —	$ 26,207	$ —	$ 31,987
Intersegment revenues (purchases) [2] [3]	26,207	(1,765)	(22,782)	(1,660)	—
Segment operating loss [4]	(28,698)	(16,281)	(2,938)	(8,974)	(56,891)
Interest income (expense), net	351	(252)	3	(4,284)	(4,182)
Other income (expense), net	1,075	—	487	(108)	1,454
Consolidated loss before tax					$ (59,619)

Three Months Ended June 30, 2022	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ —	$ —	$ 61,350	$ —	$ 61,350
Intersegment revenues (purchases) [2] [3]	61,352	(230)	(59,404)	(1,718)	—
Segment operating profit (loss) [4]	38,505	(20,016)	(4,292)	(5,845)	8,352
Interest expense, net	—	(995)	—	(3,571)	(4,566)
Other income (expense), net	—	—	(3,746)	(75)	(3,821)
Consolidated loss before tax					$ (35)

Six Months Ended June 30, 2023	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ 9,634	$ —	$ 73,288	$ —	$ 82,922
Intersegment revenues (purchases) [2] [3]	73,288	(3,120)	(65,980)	(4,188)	—
Segment operating loss [4]	(31,685)	(33,996)	(5,674)	(18,540)	(89,895)
Interest income (expense), net	577	(503)	2	(8,268)	(8,192)
Loss on extinguishment of debt, net	—	—	—	(2,822)	(2,822)
Other income (expense), net	1,193	—	12,816	(212)	13,797
Consolidated loss before tax					$ (87,112)

Six Months Ended June 30, 2022	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ —	$ —	$ 208,290	$ —	$ 208,290
Intersegment revenues (purchases) [2] [3]	87,341	(230)	(77,115)	(9,996)	—
Segment operating profit (loss) [4]	43,101	(37,800)	(16,583)	(23,265)	(34,547)
Interest expense, net	—	(1,990)	(454)	(4,402)	(6,846)
Other (expense) income, net	—	—	(25,758)	509	(25,249)
Consolidated loss before tax					$ (66,642)

[1] The Marketing & Trading segment markets to third party-purchasers most of the Company's natural gas production from the Upstream segment

[2] The Marketing & Trading segment purchases most of the Company's natural gas production from the Upstream segment Intersegment revenues are eliminated at consolidation

[3] Intersegment revenues related to the Marketing & Trading segment are a result of cost allocations to the Corporate component using a cost plus transfer pricing methodology Intersegment revenues related to the Corporate component are associated with intercompany interest charged to the Midstream segment Intersegment revenues are eliminated at consolidation

[4] Operating profit (loss) is defined as operating revenues less operating costs and allocated corporate costs

Capital expenditures	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Upstream	$ 95,645	$ 66,500
Midstream	112,565	86,150
Marketing & Trading	490	—
Total capital expenditures for reportable segments	208,700	152,650
Corporate capital expenditures	2,626	—
Consolidated capital expenditures	$ 211,326	$ 152,650

NOTE 17 — SUBSEQUENT EVENTS

Debt Refinancing

On August 8, 2023, we entered into a private placement securities purchase agreement (the "SPA") with an institutional investor pursuant to which we agreed to issue and sell $250.0 million aggregate principal amount of 10% Senior Secured Notes due October 1, 2025 (the "Senior Notes") and approximately $83.3 million aggregate principal amount of 6% Secured Convertible Notes (the "Secured Convertible Notes") due October 1, 2025 (collectively the "Replacement Notes"). Net proceeds from the Replacement Notes of approximately $299.4 million will be used to satisfy the outstanding principal repayment obligation under the Convertible Notes.

The Replacement Notes will be collateralized by the Company's equity interests in Tellurian Production Holdings and mortgages of the material real property natural gas assets of Tellurian Production Holdings and its subsidiaries. The Replacement Notes indentures will contain financial and non-financial covenants, including a minimum cash covenant of $50.0 million. The Replacement Notes will have quarterly interest cash payments, plus payments of approximately 3.0 million shares of common stock per quarter (or a total of approximately 25.7 million shares). On or after October 1, 2024, the holders of the Replacement Notes may redeem up to the entire principal amount of the Replacement Notes at par, plus accrued and unpaid interest, if the Company's liquidity fails to meet or exceed a specified threshold.

At-the-Market Program

Subsequent to June 30, 2023, and through the date of this filing, we issued approximately 8.5 million shares of our common stock under our at-the-market equity offering program for net proceeds of approximately $12.4 million. As of the date of this filing, we have availability to raise aggregate gross sales proceeds of approximately $474.0 million under this at-the-market equity offering program.

ITEM 2. 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 Condensed 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
- Recent Accounting Standards

Our Business

Tellurian Inc. (“Tellurian,” “we,” “us,” “our,” or the “Company”), a Delaware corporation, is a Houston-based company that is developing and plans to operate a portfolio of natural gas, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the “Driftwood terminal”), related pipelines and upstream natural gas assets (collectively referred to as the “Business”). The Driftwood terminal and related pipelines are collectively referred to as the “Driftwood Project.” As of June 30, 2023, our upstream natural gas assets consisted of 31,117 net acres and interests in 157 producing wells located in the Haynesville Shale trend of northern Louisiana. Our Business may be developed in phases.

As part of our execution strategy, which includes increasing our asset base, we will consider various commercial arrangements with third parties across the natural gas value chain. We are also pursuing activities such as direct sales of LNG to global counterparties, trading of LNG, the acquisition of additional upstream acreage and drilling of new wells on our existing upstream acreage. We remain focused on the financing and construction of the Driftwood Project while managing our marketing & trading operations and upstream assets.

We manage and report our operations in three reportable segments. The Upstream segment is organized and operates to produce, gather, and deliver natural gas and to acquire and develop natural gas assets. The Midstream segment is organized to develop, construct and operate LNG terminals and pipelines. The Marketing & Trading segment is organized and operates to purchase and sell natural gas produced primarily by the Upstream segment, market the Driftwood terminal’s LNG production capacity and trade LNG.

We continue to evaluate the scope and other aspects of our Business in light of the evolving economic environment, dynamics of the global political landscape, needs of potential counterparties and other factors. How we execute our Business will be based on a variety of factors, including the results of our continuing analysis, changing business conditions and market feedback.

Overview of Significant Events

Binding Commitment Letter

On April 4, 2023, the Company entered into a binding letter of intent (the “LOI”) regarding the sale and leaseback of approximately 800 acres of land (the “Property”) to be used for the proposed Driftwood Project. The transaction will consist of the sale of our interests in the Property for $1.0 billion pursuant to a purchase and sale agreement (the “Purchase Agreement”) and a 40-year lease of the Property to us. On July 18, 2023, the Company entered into a commitment letter regarding the sale and leaseback of the Property that effectively replaced the LOI. The closing of the sale–leaseback transaction will occur upon the satisfaction of the closing conditions in the Purchase Agreement, including the Company securing equity and debt commitments with respect to the development of the Driftwood Project.

Debt Refinancing

On August 8, 2023, we entered into a private placement securities purchase agreement (the “SPA”) with an institutional investor pursuant to which we agreed to issue and sell $250.0 million aggregate principal amount of 10% Senior Secured Notes due October 1, 2025 (the “Senior Notes”) and approximately $83.3 million aggregate principal amount of 6% Secured Convertible Notes (the “Secured Convertible Notes”) due October 1, 2025 (collectively the “Replacement Notes”). Net proceeds from the Replacement Notes of approximately $299.4 million will be used to satisfy the outstanding principal repayment obligation under the Convertible Notes.

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 $106.7 million of cash and cash equivalents as of June 30, 2023. We currently maintain an at-the-market equity offering program pursuant to which we may sell our common stock from time to time. As of the date of this filing, we have availability to raise aggregate gross sales proceeds of approximately $474.0 million under this at-the-market equity offering program.

As of June 30, 2023, we had total indebtedness of approximately $391.0 million. We also had contractual obligations associated with our finance and operating leases totaling $398.4 million, of which $14.9 million is scheduled to be paid within the next twelve months. The partial redemption of the Convertible Notes, continued expenses associated with the construction of the Driftwood Project and the development of natural gas properties and declines in natural gas prices have significantly reduced our cash on hand. In June, July and August 2023, we entered into supplemental indentures that temporarily reduced the amount of cash and cash equivalents we are required to hold pursuant to the indenture governing the Convertible Notes from $100.0 million to $60.0 million.

We are planning to meet our liquidity needs from cash on hand and the combined proceeds generated by our Upstream operations and the sale of common stock under our at-the-market equity offering program. On August 8, 2023, we entered into a private placement securities purchase agreement (the “SPA”) with an institutional investor to refinance the Company’s existing Convertible Notes. For further information regarding the refinancing of the Company’s Convertible Notes, see Note 17, *Subsequent Events*, of our Notes to the Condensed Consolidated Financial Statements. The SPA is expected to close in the near future, subject to the satisfaction of customary closing conditions. We have determined that it is probable that the closing of the SPA will occur and that such sources of liquidity will satisfy our obligations, fund working capital needs and allow us to remain compliant with our debt covenants 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. We remain focused on the financing and construction of the Driftwood Project while managing our marketing & trading operations and upstream assets.

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):

	Six Months Ended June 30,	
	2023	2022
Cash provided by (used in) operating activities	$ 16,080	$ (83,498)
Cash used in investing activities	(229,326)	(158,739)
Cash (used in) provided by financing activities	(154,246)	786,367
Net (decrease) increase in cash, cash equivalents and restricted cash	(367,492)	544,130
Cash, cash equivalents and restricted cash, beginning of the period	508,468	307,274
Cash, cash equivalents and restricted cash, end of the period	$ 140,976	$ 851,404
Net working capital	$ 6,374	$ 639,766

Cash provided by (used in) operating activities for the six months ended June 30, 2023 increased by approximately $99.6 million compared to the same period in 2022 primarily due to net changes in the Company’s working capital from December 31, 2022. For further information regarding the net changes in the Company’s working capital, see Note 15, *Additional Cash Flow Information*, of our Notes to the Condensed Consolidated Financial Statements.

Cash used in investing activities for the six months ended June 30, 2023 increased by approximately $70.6 million compared to the same period in 2022. This increase was primarily due to the funding of Driftwood Project construction activities of approximately $112.6 million in the current period, as compared to approximately $86.1 million of funding of Driftwood Project construction activities and land purchases and land improvements in the prior period. This increase was also primarily due to increased spending on natural gas development activities of approximately $95.2 million in the current period, as compared to approximately $66.5 million in the prior period.

Cash (used in) provided by financing activities for the six months ended June 30, 2023 decreased by approximately $940.6 million compared to the same period in 2022. This decrease is primarily due to approximately $166.7 million in borrowing principal repayments in the current period as compared to $489.7 million in net proceeds from borrowing issuances in the prior period. The decrease is also due to approximately $12.8 million in net proceeds from equity issuances as compared to approximately $299.7 million in the prior period. See Note 8, *Borrowings* and Note 10, *Stockholders' Equity*, of our Notes to the Condensed Consolidated Financial Statements for additional information about our financing activities.

Capital Development Activities

The activities we have proposed will require significant amounts of capital and are subject to completion risks and delays. We have received all regulatory approvals for the construction of Phase 1 of the Driftwood terminal 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. In March 2022, we issued a limited notice to proceed to Bechtel Energy Inc. under our Phase 1 EPC Agreement and commenced the construction of Phase 1 of the Driftwood terminal in April 2022.

We currently estimate the total cost of the Driftwood Project to be approximately $25.0 billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction and other financing costs. The proposed Driftwood terminal will have a liquefaction capacity of up to approximately 27.6 Mtpa and will be situated on approximately 1,200 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.

Our strategy involves acquiring additional natural gas properties, including properties in the Haynesville Shale basin. We intend to pursue potential acquisitions of such assets, or public or private companies that own such assets. We 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 for the construction of the Driftwood terminal, natural gas activities, and general and administrative expenses through the use of cash on hand, proceeds from operations, and proceeds from completed and future issuances of securities by us. Investments in the construction of the Driftwood terminal and natural gas development are and will continue to be significant, but the size of those investments will depend on, among other things, commodity prices, Driftwood Project financing developments and other liquidity considerations, and our continuing analysis of strategic risks and opportunities. 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 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.

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Natural gas sales	31,987	$ 61,350	$ 82,922	$ 87,339
LNG sales	—	—	—	120,951
Total revenue	31,987	61,350	82,922	208,290
Operating expenses	20,848	5,943	38,293	10,108
LNG cost of sales	—	—	—	131,663
Development expenses	11,530	17,687	23,587	35,352
Depreciation, depletion and amortization	25,210	5,854	47,397	9,875
General and administrative expenses	31,290	23,514	63,540	55,839
(Loss) income from operations	(56,891)	8,352	(89,895)	(34,547)
Interest expense, net	(4,182)	(4,566)	(8,192)	(6,846)
Loss on extinguishment of debt, net	—	—	(2,822)	—
Other income (expense), net	1,454	(3,821)	13,797	(25,249)
Income tax	—	—	—	—
Net loss	$ (59,619)	$ (35)	$ (87,112)	$ (66,642)

The most significant changes affecting our results of operations for the three months ended June 30, 2023 compared to the same period in 2022, on a consolidated basis and by segment, are the following:

Upstream

- Decrease of approximately $29.4 million in Natural gas sales as a result of decreased realized natural gas prices partially offset by increased production volumes attributable to the acquisition of natural gas properties in 2022 and newly drilled and completed wells during 2023 and 2022.
- Increase of approximately $14.9 million in Operating expenses as a result of increased production volumes and approximately $3.2 million of natural gas drilling rig standby costs incurred during the current period.
- Increase of approximately $19.4 million in DD&A due to the acquisition of natural gas properties in 2022, increased capital expenditures during 2022 and 2023 and increased natural gas production volumes during the current period.

Midstream

- Decrease of approximately $6.2 million in Development expenses primarily attributable to approximately $6.2 million in the cost of land and roads donated for public use in the state of Louisiana in the prior period.

Consolidated

- Increase of approximately $7.8 million in General and administrative expenses primarily attributable to increased marketing expenses during the current period.
- Increase of approximately $5.3 million in Other income (expense), net primarily attributable to approximately $11.4 million of realized gains on the settlement of natural gas financial instruments and $10.9 million of unrealized loss on natural gas financial instruments due to changes in the fair value of the Company's derivative instruments during the current period as compared to $10.5 million of realized loss and $6.8 million of unrealized gain on natural gas financial instruments in the prior period.

Primarily as a result of the foregoing, our consolidated Net loss was approximately $59.6 million for the three months ended June 30, 2023, compared to a Net loss of approximately $35.0 thousand during the same period in 2022.

The most significant changes affecting our results of operations for the six months ended June 30, 2023 compared to the same period in 2022, on a consolidated basis and by segment, are the following:

Upstream

- Decrease of approximately $4.4 million in Natural gas sales as a result of decreased realized natural gas prices partially offset by increased production volumes attributable to the acquisition of natural gas properties in 2022 and newly drilled and completed wells during 2023 and 2022.
- Increase of approximately $28.2 million in Operating expenses primarily as a result of increased natural gas production volumes and approximately $3.6 million of natural gas drilling rig standby costs incurred during the current period.
- Increase of approximately $37.5 million in DD&A primarily attributable to a higher asset net book value utilized in the calculation of DD&A due to the acquisition of natural gas properties in 2022, increased capital expenditures during 2022 and 2023 and increased natural gas production volumes during the current period.

Marketing & Trading

- Decrease of approximately $121.0 million and approximately $131.7 million in LNG sales and LNG cost of sales, respectively, as a result of the absence of an LNG cargo that was sold during the first quarter of 2022.

Midstream

- Decrease of approximately $11.8 million in Development expenses primarily attributable to the capitalization of directly identifiable Driftwood Project costs as construction in progress during the current period, which were expensed in the prior period and $6.2 million in the cost of land and roads donated for public use in the state of Louisiana in the prior period.

Consolidated

- Increase of approximately $7.8 million in General and administrative expenses primarily attributable to increased marketing expenses during the current period.
- Increase of approximately $1.3 million in Interest expense, net due to increased interest charges as a result of higher outstanding borrowing obligations during 2023 as compared to 2022. The increase in Interest expense, net was partially offset by approximately $8.0 million of capitalized interest and $5.5 million of interest income during 2023. For further information regarding the Company's outstanding borrowing obligations, see Note 8, *Borrowings*, of our Notes to the Condensed Consolidated Financial Statements.
- Increase of approximately $2.8 million in Loss on extinguishment of debt, net due to the repayment of approximately $166.7 million of the Company's Convertible Notes, which resulted in the write-off of approximately $2.8 million of unamortized debt issuance costs.
- Increase of approximately $39.0 million in Other income (expense), net primarily attributable to approximately $23.3 million of realized gains on the settlement of natural gas financial instruments and $10.5 million of unrealized loss on natural gas financial instruments due to changes in the fair value of the Company's derivative instruments during the current period as compared to $11.3 million of realized loss and $8.3 million of unrealized loss on natural gas financial instruments in the prior period.

As a result of the foregoing, our consolidated Net loss was approximately $87.1 million for the six months ended June 30, 2023, compared to a Net loss of approximately $66.6 million during the same period in 2022.

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 Condensed Consolidated Financial Statements or related disclosures.

Critical Accounting Estimates

There were no changes made by management to the critical accounting policies in the three months ended June 30, 2023. Please refer to the Summary of Critical Accounting Estimates section within Management's Discussion and Analysis and Note 2 to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of our critical accounting estimates and accounting policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2023, there were no open natural gas financial instrument positions. Accordingly, we do not believe that we hold, or are party to, instruments that are subject to market risks that are material to our Business. Refer to Note 5, *Financial Instruments*, of the Condensed Consolidated Financial Statements included in this Quarterly Report for additional details about our financial instruments.

ITEM 4. CONTROLS AND PROCEDURES

As indicated in the certifications in Exhibits 31.1 and 31.2 to this report, our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of June 30, 2023. Based on that evaluation, these officers have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There were no changes during our last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and Part II, Item 1A, of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, other than as follows:

Non-U.S. holders of our common stock, in certain situations, could be subject to U.S. federal income tax upon sale, exchange or disposition of our common stock.

We are currently, and may remain in the future, a U.S. real property holding corporation for U.S. federal income tax purposes because the fair market value of our assets that consist of "United States real property interests," as defined in the Internal Revenue Code of 1986, as amended, and applicable Treasury regulations, constitutes at least 50% of the combined fair market value of our real estate interests and other business assets. As a result, under the Foreign Investment in Real Property Tax Act, or FIRPTA, certain non-U.S. investors could be subject to U.S. federal income tax on any gain from the disposition of shares of our common stock, in which case they would also be required to file U.S. tax returns with respect to such gain. In general, whether these FIRPTA provisions apply in such case would depend on the amount of our common stock that such non-U.S. investors hold. In addition, such non-U.S. investors could be subject to withholding in such case if, at the time they dispose of their shares, our common stock is not regularly traded on an established securities market within the meaning of the applicable Treasury regulations. So long as our common stock continues to be regularly traded on an established securities market, only a non-U.S. investor who has owned, actually or constructively, more than 5% of our common stock at any time during the shorter of (i) the five-year period ending on the date of disposition and (ii) the non-U.S. investor's holding period for its shares may be subject to U.S. federal income tax on the disposition of our common stock under FIRPTA.

Our Executive Chairman, Charif Souki, has personal investments and interests that have at times become interrelated with the interests of the Company. These investments and interests may result in conflicts of interest or other impacts on the Company.

Mr. Souki has a variety of personal business interests and actions taken in his personal capacity have in some cases affected the Company. For example, in April 2023, the Company became aware of certain facts and claims associated with outstanding loan agreements (the "Souki Loans") between UBS O'Connor LLC ("UBS O'Connor"), Mr. Souki, and certain entities related to Mr. Souki (collectively, "Souki") included in a lawsuit filed in a New York state court by Souki against UBS

O'Connor. In the lawsuit, Souki asserts claims for, among other things, breach of the duty of good faith and fair dealing and breach of contract in connection with UBS O'Connor's foreclosure on certain assets held as collateral under the Souki Loans, including certain shares of the Company's stock. In particular, Souki has alleged, among other things, that Souki and UBS O'Connor agreed in 2020 to approach the renegotiation of the terms of the Souki Loans and the Tellurian Loan "holistically", an agreement that was not disclosed to the Company. Accordingly, this situation may have created a conflict of interest between Mr. Souki's interests and those of the Company. In addition, pledged shares for the Souki Loans were foreclosed upon in 2023 and sold into the market, which may have caused a significant decrease in the Company's stock price. Further, two entities owned by Mr. Souki declared bankruptcy in July 2023. These and other events relating to, or actions taken by or involving, Mr. Souki in his personal capacity may have an impact on the Company. Policies and procedures designed to mitigate potential conflicts of interest are subject to inherent limitations and may not result in all such conflicts being identified and addressed in a timely manner.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None that occurred during the three months ended June 30, 2023.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None that occurred during the three months ended June 30, 2023.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended June 30, 2023, none of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description
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 June 7, 2023)
4.1	Indenture, dated as of June 3, 2022, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 3, 2022)
4.2	Third Supplemental Indenture, dated as of June 16, 2023, by and among Tellurian Inc., as issuer, Wilmington Trust, National Association, as trustee, and the collateral agent named therein, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on June 20, 2023)
4.3	Fourth Supplemental Indenture, dated as of June 29, 2023, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on June 29, 2023)
4.4	Fifth Supplemental Indenture, dated as of July 14, 2023, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on July 17, 2023)
4.5	Sixth Supplemental Indenture, dated as of July 28, 2023, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on July 31, 2023)
10.1‡	Securities Purchase Agreement, dated as of August 8, 2023, by and between Tellurian Inc. and the investor named therein
10.2	Redemption Letter Agreement, dated as of August 8, 2023, by and among Tellurian Inc. and the other parties named therein
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
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	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL

---

* Filed herewith.

** Furnished herewith.

‡ 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.

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:	August 9, 2023	By:	/s/ Simon G. Oxley
			Simon G. Oxley Chief Financial Officer (as Principal Financial Officer) Tellurian Inc.
	August 9, 2023	By:	/s/ Khaled A. Sharafeldin
			Khaled A. Sharafeldin Chief Accounting Officer (as Principal Accounting Officer) Tellurian Inc.