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 March 31, 2019

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

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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Securities Act of 1934:

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

As of April 26, 2019, there were 242,063,899 shares of common stock, $0.01 par value, issued and outstanding.

Tellurian Inc.

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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," "estimate," "expect," "forecast," "initial," "intend," "may," "plan," "potential," "project," "proposed," "should," "will," "would" and similar expressions are intended to identify forward-looking statements. These forward-looking statements relate to, among other things:

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

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

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

ASU	Accounting Standards Update
Bcf	Billion cubic feet of natural gas
Bcf/d	Bcf per day
Bcfe	Billion cubic feet of natural gas equivalent
DD&A	Depreciation, depletion and amortization
DES	Delivered ex-ship
DOE/FE	U.S. Department of Energy, Office of Fossil Energy
EPC	Engineering, procurement and construction
FEED	Front-End Engineering and Design
FERC	U.S. Federal Energy Regulatory Commission
FID	Final investment decision as it pertains to the Driftwood Project
FTA countries	Countries with which the U.S. has a free trade agreement providing for national treatment for trade in natural gas
GAAP	Generally accepted accounting principles in the U.S.
JKM	Platts Japan Korea Marker index price for LNG
LNG	Liquefied natural gas
LSTK	Lump sum turnkey
Mcf	Thousand cubic feet of natural gas
MMBtu	Million British thermal units
MMcf	Million cubic feet of natural gas
MMcf/d	MMcf per day
MMcfe	Million cubic feet of natural gas equivalent volumes using a ratio of 6 Mcf to 1 barrel of liquid
Mtpa	Million tonnes per annum
Nasdaq	Nasdaq Capital Market
Non-FTA countries	Countries with which the U.S. does not have a free trade agreement providing for national treatment for trade in natural gas and with which trade is permitted
SEC	U.S. Securities and Exchange Commission
Train	An industrial facility comprised of a series of refrigerant compressor loops used to cool natural gas into LNG
U.S.	United States
USACE	U.S. Army Corps of Engineers

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)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 88,251	$ 133,714
Accounts receivable	3,664	1,498
Accounts receivable due from related parties	1,316	1,316
Prepaid expenses and other current assets	4,625	3,906
Total current assets	97,856	140,434
Property, plant and equipment, net	147,193	130,580
Deferred engineering costs	75,000	69,000
Non-current restricted cash	28,040	49,875
Other non-current assets	35,923	18,659
Total assets	$ 384,012	$ 408,548
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 3,727	$ 11,597
Accrued and other liabilities	26,414	41,173
Total current liabilities	30,141	52,770
Long-term liabilities:		
Senior secured term loan	57,316	57,048
Other non-current liabilities	18,944	796
Total long-term liabilities	76,260	57,844
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, 400,000,000 authorized: 241,863,897 and 240,655,607 shares outstanding, respectively	2,209	2,195
Additional paid-in capital	763,326	749,537
Accumulated deficit	(487,985)	(453,859)
Total stockholders’ equity	277,611	297,934
Total liabilities and stockholders’ equity	$ 384,012	$ 408,548

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 March 31,	
	2019	2018
Revenues		
Natural gas revenue	$ 4,959	$ 939
LNG sales	—	2,689
Other LNG revenue	—	3,173
Total revenue	4,959	6,801
Operating costs and expenses		
Cost of sales	1,112	4,443
Development expenses	11,875	8,972
Depreciation, depletion and amortization	2,531	377
General and administrative expenses	22,053	18,401
Total operating costs and expenses	37,571	32,193
Loss from operations	(32,612)	(25,392)
Interest income (expense), net	(587)	388
Other income (expense), net	(927)	2
Loss before income taxes	(34,126)	(25,002)
Income tax provision	—	(182)
Net loss	$ (34,126)	$ (25,184)
Net loss per common share:[1]		
Basic and diluted	$ (0.16)	$ (0.12)
Weighted-average shares outstanding:		
Basic and diluted	217,838	204,772

(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)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
BALANCE AT JANUARY 1, 2019	$ 61	$ 2,195	$ 749,537	$ (453,859)	$ 297,934
Share-based compensation [1]	—	14	13,789	—	13,803
Net loss	—	—	—	(34,126)	(34,126)
BALANCE AT MARCH 31, 2019	$ 61	$ 2,209	$ 763,326	$ (487,985)	$ 277,611

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
BALANCE AT JANUARY 1, 2018	$ —	$ 2,043	$ 549,958	$ (328,114)	$ 223,887
Issuance of common stock	—	15	14,459	—	14,474
Issuance of Series C preferred stock	28	—	22,582	—	22,610
Share-based compensation[2]	—	14	16,421	—	16,435
Net loss	—	—	—	(25,184)	(25,184)
BALANCE AT MARCH 31, 2018	$ 28	$ 2,072	$ 603,420	$ (353,298)	$ 252,222

(1) Includes settlement of 2018 bonus that was accrued for in 2018.
(2) Includes settlement of 2017 bonus that was accrued for in 2017.

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)

	Three Months Ended March 31,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (34,126)	$ (25,184)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	2,985	377
Amortization of debt issuance costs	268	—
Share-based compensation	2,093	1,294
Other	(585)	—
Net changes in working capital (Note 13)	(3,670)	(435)
Net cash used in operating activities	(33,035)	(23,948)
Cash flows from investing activities:		
Development of natural gas properties	(21,502)	(257)
Deferred engineering costs	(6,000)	—
Purchase of property - land	(180)	—
Purchase of property, plant and equipment	(1,186)	(472)
Net cash used in investing activities	(28,868)	(729)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	15,000
Tax payments for net share settlement of equity awards (Note 13)	(5,395)	(5,583)
Equity offering costs	—	(526)
Net cash (used in) provided by financing activities	(5,395)	8,891
Net decrease in cash, cash equivalents and restricted cash	(67,298)	(15,786)
Cash, cash equivalents and restricted cash, beginning of period	183,589	128,273
Cash, cash equivalents and restricted cash, end of period	$ 116,291	$ 112,487
Supplementary disclosure of cash flow information:		
Interest paid	$ 1,171	$ —

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

NOTE 1 — General

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.

Nature of Operations

We plan to develop, own and operate a global natural gas business and to deliver natural gas to customers worldwide. Tellurian has begun to establish a portfolio of natural gas production, LNG marketing, and infrastructure assets, including an LNG terminal facility (the "Driftwood terminal") and an associated pipeline (the "Driftwood pipeline") in southwest Louisiana. Tellurian intends to develop the Driftwood pipeline as part of what we refer to as the "Pipeline Network." In addition to the Driftwood pipeline, the Pipeline Network is expected to include two pipelines, the Haynesville Global Access Pipeline and the Permian Global Access Pipeline, both of which are currently in the early stages of development. The Driftwood terminal, the Pipeline Network and Tellurian's existing and planned natural gas production assets are referred to collectively as the "Driftwood Project".

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain notes and other information have been condensed or omitted. The accompanying interim financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of our Condensed Consolidated Financial Statements. These interim financial statements 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, 2018.

Use of Estimates

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.

New Accounting Standards Issued and Adopted

We adopted ASU 2016-02, *Leases (Topic 842)*, on January 1, 2019, utilizing the optional transition approach to apply the standard at the beginning of the first quarter of 2019 with no retrospective adjustment to prior periods. In addition, we elected the transition package of practical expedients upon adoption which, among other things, allowed us not to reassess the historical lease classification. For additional details, refer to Note 12, *Leases*.

NOTE 2 — PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2019	December 31, 2018
Land	$ 13,878	13,276
Proved properties	114,337	101,459
Unproved properties	10,204	10,204
Wells in progress	7,905	4,660
Corporate and other	5,042	2,905
Total property, plant and equipment at cost	151,366	132,504
Accumulated DD&A	(4,173)	(1,924)
Total property, plant and equipment, net	$ 147,193	$ 130,580

Land

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

Proved Properties

We own producing and non-producing acreage in northern Louisiana.

Unproved Properties

We own interests in unproved properties in the Weald Basin, United Kingdom through our holding of non-operating interests intwo licenses which expire in June and September 2021.

NOTE 3 — DEFERRED ENGINEERING COSTS

Deferred engineering costs of approximately $75.0 million as of March 31, 2019 represent detailed engineering services related to the Driftwood terminal. Such costs will be deferred until construction commences on the Driftwood terminal, at which time they will be transferred to construction in progress.

NOTE 4 — OTHER NON-CURRENT ASSETS

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

	March 31, 2019	December 31, 2018
Land lease and purchase options	$ 4,409	$ 4,115
Permitting costs	12,838	12,585
Right of use asset - leases (Note 12)	17,447	—
Other	1,229	1,959
Total other non-current assets	$ 35,923	$ 18,659

Land Lease and Purchase Options

We hold lease and purchase option agreements (the "Options") for certain tracts of land and associated river frontage that provide forfour or five-year terms. Upon exercise of the Options, the leases are subject to maximum terms of 60 years (inclusive of various renewals) at the option of the Company. Lease and purchase option payments have been capitalized in other non-current assets. Costs of the Options will be amortized over the life of the lease once obtained, or capitalized into the land if purchased.

Permitting Costs

Permitting costs primarily represent the purchase of wetland credits in connection with our permit application to the USACE in 2018 and 2017. These wetland credits will be applied to our permit in accordance with the Clean Water Act and the Rivers and Harbors Act, which require us to mitigate the impact to Louisiana wetlands caused by the construction of the Driftwood Project. If the USACE permit is secured, the permitting costs will be capitalized and depreciated with the total cost to construct the Driftwood Project.

NOTE 5 — STOCKHOLDERS' EQUITY

At-the-Market Program

We maintain an at-the-market equity offering program pursuant to which we may sell shares of our common stock from time to time on Nasdaq through Credit Suisse Securities (USA) LLC acting as sales agent. We have remaining availability under the at-the-market program to raise aggregate sales proceeds of up to $189.7 million.

Preferred Stock

In March 2018, we entered into a preferred stock purchase agreement with BDC Oil and Gas Holdings, LLC ("Bechtel Holdings"), a Delaware limited liability company and an affiliate of Bechtel Oil, Gas and Chemicals, Inc., a Delaware corporation ("Bechtel"), pursuant to which we sold to Bechtel Holdings approximately 6.1 million shares of our Series C convertible preferred stock (the "Preferred Stock"). In exchange for the Preferred Stock, Bechtel agreed to discharge approximately $22.7 million of the outstanding liabilities associated with the detailed engineering services for the Driftwood Project, and to apply approximately $27.3 million to additional future detailed engineering services. During the year ended December 31, 2018, all of the approximately $27.3 million of services were received and, as such, all $50.0 million have been recognized on our Condensed Consolidated Balance Sheets within Deferred engineering costs. See Note 3, *Deferred Engineering Costs*, for further information regarding the costs associated with the detailed engineering services.

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.

Exercise of Overallotment

In January 2018, in connection with the Company's December 2017 equity offering, the underwriters exercised their option to purchase an additional 1.5 million shares of our common stock for proceeds of approximately $14.5 million, net of approximately $0.5 million in fees and commissions.

NOTE 6 — SHARE-BASED COMPENSATION

We have granted restricted stock, restricted stock units and phantom units (collectively, "Restricted Stock"), as well as unrestricted stock and stock options, to employees, directors and outside consultants (collectively, the "grantees") under the Tellurian Inc. 2016 Omnibus Incentive Compensation Plan, as amended (the "2016 Plan"), and the Amended and Restated Tellurian Investments Inc. 2016 Omnibus Incentive Plan (the "Legacy Plan"). The maximum number of shares of Tellurian common stock authorized for issuance under the 2016 Plan is 40 million shares of common stock, and no further awards can be granted 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 shares of common stock and released to the grantee. In March 2018, we began issuing phantom units that may be settled in either cash, stock, or a combination thereof. As of March 31, 2019, there was no Restricted Stock that would be required to be settled in cash.

As of March 31, 2019, we had granted approximately 24.3 million shares of performance-based Restricted Stock, of which approximately 19.7 million shares will vest entirely based upon FID, as defined in the award agreements, and approximately 4.0 million shares will vest in one-third increments at FID and the first and second anniversaries of FID. The remaining shares of performance-based Restricted Stock, totaling approximately 0.6 million shares, will vest based on other criteria. As of March 31, 2019, no expense had been recognized in connection with performance-based Restricted Stock.

For the three months ended March 31, 2019, the recognized share-based compensation expense related to all share-based awards totaled approximately $2.1 million. As of March 31, 2019, unrecognized compensation expense, based on the grant date fair value, for all share-based awards totaled approximately $194.6 million. Further, the approximately 24.3 million shares of performance-based Restricted Stock and approximately 2.0 million stock options outstanding have been excluded from the computation of diluted loss per share because including them in the computation would have been antidilutive for the periods presented.

NOTE 7 — ACCRUED AND OTHER LIABILITIES

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

	March 31, 2019	December 31, 2018
Project development activities	$ 4,874	$ 8,879
Payroll and compensation	11,136	23,286
Accrued taxes	772	2,507
Professional services (e.g., legal, audit)	3,967	2,423
Lease liability - current (Note 12)	2,133	—
Other	3,532	4,078
Total accrued and other liabilities	$ 26,414	$ 41,173

NOTE 8 — FINANCIAL INSTRUMENTS

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

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

The Company recognizes all derivative instruments as either assets or liabilities at fair value on a net basis as they are with a single counterparty and subject to a master netting arrangement. These derivative instruments are reported as either current or non-current assets or current or non-current liabilities, based on their maturity dates. The Company can net settle its derivative instruments at any time. As of March 31, 2019, we had a current liability of $0.6 million, net, with respect to the fair value of the current portion of our commodity swaps. In addition, as of March 31, 2019, we also had a non-current liability of $0.6 million, net, with respect to the fair value of the non-current portion of our commodity swaps. The current and the non-current liability are classified within Accrued and other liabilities and Other non-current liabilities, respectively, on the Condensed Consolidated Balance Sheets. Gross current asset and current liability amounts are $0.1 million and $0.7 million, respectively. Gross non-current asset and non-current liability amounts are $0.0 million and $0.6 million, respectively.

We do not apply hedge accounting for our commodity swaps; therefore, all changes in fair value of the Company's derivative instruments are recognized within Other expense, net, in the Condensed Consolidated Statements of Operations. For the three months ended March 31, 2019, we recognized a realized gain of $0.2 million and an unrealized loss of $1.2 million related to the changes in fair value of the commodity swaps in our Condensed Consolidated Statements of Operations. Derivative contracts which result in physical delivery of a commodity expected to be used or sold by the Company in the normal course of business are designated as normal purchases and sales and are exempt from derivative accounting. OTC arrangements require settlement in cash. Settlements of derivative commodity instruments are reported as a component of cash flows from operations in the accompanying Condensed Consolidated Statements of Cash Flows.

With respect to the commodity swaps, the Company hedged portions of expected sales of equity production and portions of its basis exposure to cover approximately 18.3 Bcf and 18.3 Bcf of natural gas, respectively, as of March 31, 2019. The open positions at March 31, 2019 had maturities extending through September 2021. For additional details, refer to Note 9, *Long-Term Borrowings.*

NOTE 9 — LONG-TERM BORROWINGS

On September 28, 2018 (the "Closing Date"), Tellurian Production Holdings LLC ("Production Holdings"), our wholly owned subsidiary, entered into a three-year senior secured term loan credit agreement (the "Term Loan") in an aggregate principal amount of $60.0 million at a price of 99% of par, resulting in an original issue discount of $0.6 million. Fees of $2.6 million were capitalized as deferred financing costs. The discount and fees are being amortized over the term of the Term Loan on a straight-line basis. At March 31, 2019, the outstanding principal amount of the Term Loan was $60.0 million and the unamortized discount and deferred financing costs were $2.7 million.

Our use of proceeds from the Term Loan is predominantly restricted to capital expenditures associated with certain development and drilling activities and fees related to the transaction itself and is presented within non-current restricted cash on our Condensed Consolidated Balance Sheets. At March 31, 2019, unused proceeds from the Term Loan classified as non-current restricted cash were $27.8 million.

We have the right, but not the obligation, to make voluntary principal payments starting six months following the Closing Date in a minimum amount of $5 million or any integral multiples of $1 million in excess thereof. If no voluntary principal payments are made, the principal amount, together with any accrued interest, is payable at the maturity date of September 28, 2021.

The Term Loan can be terminated early with an early termination payment equal to the outstanding principal plus accrued interest. If the Term Loan is terminated within 12 months of the Closing Date, an early termination fee equal to 1% of the outstanding principal is required. Amounts borrowed under the Term Loan bear interest at a variable rate (three-month LIBOR) plus an applicable margin. The applicable margin is 5% through the end of the first year following the Closing Date, 7% through the end of the second year following the Closing Date and 8% thereafter. For the three months ended March 31, 2019, our total interest expense associated with the Term Loan was $1.2 million.

Guarantors and Covenants

Amounts borrowed under the Term Loan are guaranteed by Tellurian Inc. and each of Production Holdings' subsidiaries. The Term Loan is collateralized by a first priority lien on all assets of Production Holdings and its subsidiaries, including domestic properties described in Note 2, *Property, Plant and Equipment*. The Term Loan contains specific financial covenants and as of March 31, 2019, we remained in compliance with such covenants under the Term Loan. For details of hedging transactions, as at and for the period ended March 31, 2019, entered into as required by the Term Loan, refer to Note 8, *Financial Instruments*.

Fair Value

As of March 31, 2019, the carrying value of the Term Loan approximated fair value. The Term Loan is a Level 3 instrument in the fair value hierarchy. The Level 3 estimated fair value approximates the carrying value because the interest rates are variable and reflective of market rates, and the debt may be repaid, in full or in part, at any time with minimum penalty.

NOTE 10 — REVENUE

For the sale of commodities, we consider the delivery of each unit (MMBtu) to be a separate performance obligation that is satisfied upon delivery. These contracts are either fixed price contracts or contracts with a fixed differential to an index price, both of which are considered fixed consideration. The fixed consideration is allocated to each performance obligation and represents the relative standalone selling price basis.

Purchases and sales of inventory with the same counterparty that are entered into in contemplation of one another (including buy/sell arrangements) are combined and recorded on a net basis and reported in LNG sales on the Condensed Consolidated Statements of Operations. For such LNG sales, we require payment within 10 days from delivery. Other LNG revenue represents revenue earned from sub-charter agreements and is accounted for outside of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

In our judgment, the performance obligations for the sale of natural gas and LNG are satisfied at a point in time because the customer obtains control and legal title of the asset when the natural gas or LNG is delivered to the designated sales point. We exclude all taxes from the measurement of transaction price.

Because our performance obligations have been satisfied and an unconditional right to consideration exists as of the balance sheet date, we have recognized amounts due from contracts with customers of $1.3 million and $0.5 million as Accounts receivable within the Condensed Consolidated Balance Sheet as of March 31, 2019 and December 31, 2018, respectively.

NOTE 11 — 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 March 31, 2019 and December 31, 2018. Accordingly, we have not recorded a provision for federal, state or foreign income taxes during the three months ended March 31, 2019.

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 12 — LEASES

As outlined in Note 1, *General*, on January 1, 2019, we adopted ASU 2016-02, *Leases (Topic 842)*, utilizing the optional transition approach to apply the standard at the beginning of the first quarter of 2019 with no retrospective adjustment to prior periods. In addition, we elected the transition package of practical expedients to:

i. carry-forward prior conclusions related to lease identification and classification for existing leases;

ii. combine lease and non-lease components of an arrangement for all classes of our leased assets; and

iii. omit short-term leases with a term of 12 months or less from recognition on the balance sheet.

Adoption of the new lease standard resulted in the recording of an additional right of use asset and a lease liability of approximately $17.9 million and $19.8 million, respectively, as of January 1, 2019. The difference between the right of use asset and lease liability, net of the deferred tax impact, represents the relief of the previously recorded rent accrual. The standard did not materially impact our consolidated net earnings and had no impact on cash flows.

We are a lessee of office space. Certain of our leases include one or more options to renew, with renewal terms that can extend the lease term from five to 10 years. The exercise of lease renewal options is at our sole discretion, and, as we are not reasonably certain that those options will be exercised, none are recognized as part of our right to use asset and lease liability. All of our leases are classified as operating. Our weighted-average remaining lease term is approximately seven years.

As at March 31, 2019, our right of use asset and lease liability is as follows (in thousands):

Lease	Presentation	March 31, 2019
Right of use asset	Other non-current assets	17,447
Total lease asset		$ 17,447
Lease liability - current	Accrued and other liabilities	2,133
Lease liability - non-current	Other non-current liabilities	17,540
Total lease liability		$ 19,673

For the three months ended March 31, 2019 and 2018, our operating lease costs related to our office space were $0.9 million and $0.5 million, respectively. As none of our leases provide an implicit rate, we use our incremental borrowing rate in determining the present value of lease payments. Our weighted-average discount rate at March 31, 2019 was approximately 8%.

For the three months ended March 31, 2019, we paid approximately $0.6 million of cash for amounts included in the measurement of lease liabilities, all of which are presented within operating cash flows. In addition, lease liability arising from obtaining the right of use asset is treated as a non-cash item in our Condensed Consolidated Statements of Cash Flows. The table below presents a maturity analysis of our lease liability on an undiscounted basis and reconciles those amounts to the present value of the lease liability as at March 31, 2019 (in thousands):

Maturity of lease liability		
2019	$	2,719
2020		3,657
2021		3,522
2022		3,841
2023		4,121
After 2023		8,063
Total lease payments	$	25,923
Less: discount		6,250
Present value of lease liability	$	19,673

NOTE 13 — ADDITIONAL CASH FLOW INFORMATION

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

	Three Months Ended March 31,			
	2019		2018	
Accounts receivable	$	(2,166)	$	(1,718)
Accounts receivable due from related parties		—		62
Prepaid expenses and other current assets		(1,166)		(1,213)
Accounts payable and accrued liabilities		205		3,807
Other, net		(543)		(1,373)
Net changes in working capital	$	(3,670)	$	(435)

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

	Three Months Ended March 31,			
	2019		2018	
Other non-current assets non-cash accruals	$	5,478	$	2,584
Non-cash settlement of withholding taxes associated with the 2018 and 2017 bonus accrual and vesting of certain awards, respectively		5,395		5,733
Non-cash settlement of the 2018 and 2017 bonus accrual, respectively		18,396		15,202

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):

	Three Months Ended March 31,			
	2019		2018	
Cash and cash equivalents	$	88,251	$	112,487
Non-current restricted cash		28,040		—
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$	116,291	$	112,487

NOTE 14 — SUBSEQUENT EVENTS

Common Stock Purchase Agreement

On April 3, 2019, we entered into a Common Stock Purchase Agreement (the “CSPA”) with Total Delaware, Inc., a Delaware corporation and subsidiary of TOTAL S.A. (“Total”), pursuant to which Total agreed to purchase, and the Company agreed to issue and sell in a private placement to Total, approximately 19.9 million shares of our common stock in exchange for a cash purchase price of approximately $10.06 per share, resulting in aggregate gross proceeds of approximately $200.0 million (the “Private Placement”).

The closing of the Private Placement is subject to the satisfaction of certain closing conditions, including (i) obtaining the approval of the Company’s stockholders for the issuance and sale of our common stock pursuant to the CSPA; (ii) the Company reaching the affirmative final investment decision (“FID”) with respect to the Driftwood LNG Project — Phase I (as such term is defined in the CSPA) (the “Phase I Driftwood LNG Project”); (iii) the Company acquiring a 7.2% interest in Driftwood Holdings LP, the entity that will hold the Phase I Driftwood LNG Project, for $1.0 billion (the “Company Subsidiary Investment”); and (iv) certain other customary closing conditions. Furthermore, the CSPA contains customary representations, warranties and covenants of the Company and Total.

In addition, under the terms of the CSPA, the Company granted certain anti-dilution rights to Total that will entitle Total to purchase additional shares of the Company’s common stock under certain circumstances if all or a portion of the Company Subsidiary Investment is financed with securities convertible into the Company’s common stock (“Phase I Convertible Securities”). This anti-dilution right will entitle Total to buy additional shares of the Company’s common stock following any conversion of Phase I Convertible Securities to the extent necessary for Total to maintain an ownership percentage of 20% with respect to the outstanding shares of the Company’s common stock, as calculated in the manner provided in the CSPA. The purchase price for such shares will be equal to the lower of (i) $10.06 and (ii) the price per share of the Company’s common stock at which the applicable Phase I Convertible Securities were converted.

LNG Marketing

On April 23, 2019, in furtherance of our strategy of developing our LNG marketing activities, we entered into a master LNG sale and purchase agreement and related confirmation notices (the “SPA”) with an unrelated third-party LNG merchant. Pursuant to the SPA, we have committed to purchase one cargo of LNG per quarter beginning in June 2020 through October 2022. The quantity of each cargo is expected to range from 3.3 to 3.6 million MMBtu, and each cargo will be purchased under DES terms. The price for each cargo will be based on the JKM price in effect at the time of each purchase.

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
- Off-Balance Sheet Arrangements
- Recent Accounting Standards

Our Business

Tellurian Inc. ("Tellurian," "we," "us," "our," or the "Company") intends to create value for shareholders by building a low-cost, global natural gas business, profitably delivering natural gas to customers worldwide (the "Business"). We are developing a portfolio of natural gas production, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the "Driftwood terminal") and three related pipelines (the "Pipeline Network"). We refer to the Driftwood terminal, the Pipeline Network and our existing and planned natural gas production assets collectively as the "Driftwood Project". We currently estimate the total cost of the Driftwood Project to be approximately $28 billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction of the Driftwood terminal and other financing costs. Our Business may be developed in phases.

The proposed Driftwood terminal will have a liquefaction capacity of approximately 27.6 Mtpa and will be situated on approximately 1,000 acres in Calcasieu Parish, Louisiana. The proposed Driftwood terminal will include up to 20 liquefaction Trains, three full containment LNG storage tanks and three marine berths. We have entered into four LSTK EPC agreements totaling $15.2 billion with Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") for construction of the Driftwood terminal.

The proposed Pipeline Network is currently expected to consist of three pipelines, the Driftwood pipeline, the Haynesville Global Access Pipeline and the Permian Global Access Pipeline. The Driftwood pipeline will be a 96-mile large diameter pipeline that will interconnect with 14 existing interstate pipelines throughout southwest Louisiana to secure adequate natural gas feedstock for the Driftwood terminal. The Driftwood pipeline will be comprised of 48-inch, 42-inch, 36-inch and 30-inch diameter pipeline segments and three compressor stations totaling approximately 274,000 horsepower, all as necessary to provide approximately 4 Bcf/d of average daily natural gas transportation service. We estimate construction costs for the Driftwood pipeline of approximately $2.3 billion before owners' costs, financing costs and contingencies.

The Haynesville Global Access Pipeline is expected to run approximately 200 miles from northern to southwest Louisiana. The Permian Global Access Pipeline is expected to run approximately 625 miles from west Texas to southwest Louisiana. Each of these pipelines is expected to have a diameter of 42 inches and be capable of delivering approximately 2 Bcf/d of natural gas. We currently estimate that construction costs will be approximately $1.4 billion for the Haynesville Global Access Pipeline and approximately $3.7 billion for the Permian Global Access Pipeline, in each case before owners' costs, financing costs and contingencies. We are also considering the potential development of a fourth pipeline, the Delhi Connector Pipeline, which would run approximately 180 miles from Perryville/Delhi in northeast Louisiana to Lake Charles, Louisiana.

Our upstream properties, acquired in a series of transactions during 2017 and 2018, consist of 10,233 net acres and 56 producing wells (19 operated) located in the Haynesville Shale trend of north Louisiana. These wells have net current production of approximately 21.2 MMcf/d. As of December 31, 2018, our estimate of net reserves in these properties was approximately 265 Bcfe. We began drilling certain locations on our properties in the fourth quarter of 2018, which we plan on completing during the first half of 2019 using the proceeds from the senior secured term loan (as described in Note 9, *Long-Term Borrowings*, of our Notes to Consolidated Condensed Financial Statements).

In connection with the implementation of our Business, we are offering partnership interests in a subsidiary, Driftwood Holdings LLC ("Driftwood Holdings"), which will own the Driftwood Project. Partners will contribute cash in exchange for equity in Driftwood Holdings and will receive LNG volumes at the cost of production, including the cost of debt, for the life of the Driftwood terminal. We plan to retain a portion of the ownership in Driftwood Holdings and have engaged Goldman Sachs & Co. and Société Générale to serve as financial advisors for Driftwood Holdings. We also continue to develop our LNG marketing activities as described below in "Overview of Significant Events."

Overview of Significant Events

Significant Transactions

Common Stock Purchase Agreement. On April 3, 2019, we entered into a Common Stock Purchase Agreement (the "CSPA") with Total Delaware, Inc., a Delaware corporation and subsidiary of TOTAL S.A. ("Total"), pursuant to which Total agreed to purchase, and the Company agreed to issue and sell in a private placement to Total, approximately 19.9 million shares of our common stock in exchange for a cash purchase price of approximately $10.06 per share, resulting in aggregate gross proceeds of approximately $200.0 million (the "Private Placement"). The closing of the Private Placement is subject to the satisfaction of certain closing conditions as discussed in Note 14, *Subsequent Events*, of our Notes to Consolidated Condensed Financial Statements.

Driftwood Project. On April 3, 2019, we and Total entered into a Heads of Agreement (the "HOA") pursuant to which the parties agreed to use good faith and commercially reasonable efforts to enter into definitive documents by June 15, 2019 relating to (i) a $500 million investment by Total in the Phase I Driftwood LNG Project (the "Contribution Agreement"), (ii) a related sales and purchase agreement pursuant to which Total will have the right to purchase 1.0 Mtpa of LNG from the Driftwood terminal (the "Driftwood SPA") and (iii) a 15-year sales and purchase agreement pursuant to which Total will have the right to acquire a further 1.5 Mtpa of LNG from the Company or one of its affiliates free on board at prices based on JKM (the "JKM SPA"). The HOA contemplates that the transactions provided for by the Contribution Agreement, the Driftwood SPA and the JKM SPA will be subject to certain conditions precedent, including FID. The HOA will expire pursuant to its terms on December 31, 2019.

Regulatory Developments. On April 18, 2019, FERC issued the order granting authorization for the Company to construct and operate the Driftwood terminal and the Driftwood pipeline. On May 2, 2019, the DOE/FE issued an order authorizing the Company to export to Non-FTA countries. On May 3, 2019, USACE issued the Section 10/Section 404 permit authorizing activities within "Waters of the U.S." These three permits, along with the DOE/FE authorization for FTA countries issued in February 2017, Air Permits issued by the Louisiana Department of Environmental Quality in March 2017 and May 2018, and the Coastal Use Permit issued by the Louisiana Department of Natural Resources in July 2018, comprise all the major permits required for construction and operation of the Driftwood terminal and Driftwood pipeline.

LNG Marketing. On April 23, 2019, in furtherance of our strategy of developing our LNG marketing activities, we entered into a master LNG sale and purchase agreement and related confirmation notices (the "SPA") with an unrelated third-party LNG merchant. Pursuant to the SPA, we have committed to purchase one cargo of LNG per quarter beginning in June 2020 through October 2022. The quantity of each cargo is expected to range from 3.3 to 3.6 million MMBtu, and each cargo will be purchased under DES terms. The price for each cargo will be based on the JKM price in effect at the time of each purchase.

Liquidity and Capital Resources

Capital Resources

We are currently funding our operations, development activities and general working capital needs through our cash on hand. We are funding our specific upstream development and drilling activities with the proceeds from a senior secured term loan. Our current capital resources consist of approximately $88.3 million of cash and cash equivalents as of March 31, 2019 on a consolidated basis, which are primarily the result of issuances of common stock in 2017 and in the first half of 2018, and approximately $28.0 million of non-current restricted cash primarily from the senior secured term loan proceeds. We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Furthermore, and as discussed above in "Overview of Significant Events", the Company agreed to issue and sell in a private placement to Total, approximately 19.9 million shares of our common stock for approximately $10.06 per share, resulting in the aggregate gross proceeds of approximately $200.0 million, which is subject to the satisfaction of certain closing conditions as discussed in Note 14, *Subsequent Events*, of our Notes to Consolidated Condensed Financial Statements.

We also have the ability to raise funds through common or preferred stock issuances, debt financings, an at-the-market equity offering program or sale of assets.

We maintain an at-the-market equity offering program through Credit Suisse Securities (USA) LLC under which we have remaining availability to raise aggregate sales proceeds of up to $189.7 million.

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):

	Three Months Ended March 31,	
	2019	2018
Cash used in operating activities	$ (33,035)	$ (23,948)
Cash used in investing activities	(28,868)	(729)
Cash (used in) provided by financing activities	(5,395)	8,891
Net decrease in cash, cash equivalents and restricted cash	(67,298)	(15,786)
Cash, cash equivalents and restricted cash, beginning of the period	183,589	128,273
Cash, cash equivalents and restricted cash, end of the period	$ 116,291	$ 112,487
Net working capital	$ 67,715	$ 93,677

Cash used in operating activities for the three months ended March 31, 2019increased by approximately $9.1 million compared to the same period in2018. This is primarily attributable to an approximately $4.3 million increase in payments for wetland credits in connection with our permit application to the USACE, as discussed in Note 4, *Other Non-Current Assets*, of our Notes to Consolidated Condensed Financial Statements as well as an overall increase in disbursements in the normal course of business.

Cash used in investing activities for the three months ended March 31, 2019 increased by approximately $28.1 million compared to the same period in 2018. This increase is predominantly driven by increased development activities related to natural gas properties of $21.3 million and payments of $6.0 million related to deferred engineering costs that were settled as a non-cash transaction through issuance of preferred stock in the prior period.

Cash provided by financing activities for the three months ended March 31, 2019decreased by approximately $14.3 million compared to the same period in2018. This decrease primarily relates to the absence in the current period of the exercise of an overallotment of common stock of approximately $14.5 million, as discussed in Note 5, *Stockholders' Equity*, of our Notes to Consolidated Condensed Financial Statements.

Long-Term Borrowings

As of March 31, 2019, we had total indebtedness of approximately $57.3 million, all of which was secured indebtedness. At March 31, 2019, we were in compliance with the covenants under our senior secured term loan agreement. For additional details regarding our borrowing activity, refer to Note 9, *Long-Term Borrowings*, of our Notes to Condensed Consolidated Financial Statements.

Capital Development Activities

The activities we have proposed will require significant amounts of capital and are subject to risks and delays in completion. We expect to receive all regulatory approvals and commence construction of the Driftwood terminal and Driftwood pipeline in 2019, produce the first LNG in 2023 and achieve full operations in 2026. As a result, our business success will depend to a significant extent upon our ability to obtain the funding necessary to construct assets on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process.

We estimate construction costs of approximately $15.2 billion, or $550 per tonne, for the Driftwood terminal and approximately $2.3 billion for the Driftwood pipeline, in each case before owners' costs, financing costs and contingencies. We also are in the preliminary routing stage of developing the Haynesville Global Access Pipeline and the Permian Global Access Pipeline, which combined are estimated to cost approximately $5.1 billion before owners' costs, financing costs and contingencies. In addition, the natural gas production activities we are pursuing will require considerable capital resources. We anticipate funding our more immediate liquidity requirements relative to the detailed engineering work and other developmental and general and administrative costs through the use of cash from the completed equity issuances discussed above and future issuances of equity or debt securities by us.

We currently expect that our long-term capital requirements will be financed by proceeds from future debt and equity transactions. In addition, part of our financing strategy is expected to involve seeking equity investments by LNG customers at a subsidiary level. If the types of financing we expect to pursue are not available, we will be required to seek alternative sources of financing, which may not be available on acceptable terms, if at all.

Results of Operations

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

	Three Months Ended March 31,	
	2019	**2018**
Total revenue	$ 4,959	$ 6,801
Cost of sales	1,112	4,443
Development expenses	11,875	8,972
Depreciation, depletion and amortization	2,531	377
General and administrative expenses	22,053	18,401
Loss from operations	(32,612)	(25,392)
Interest income (expense), net	(587)	388
Other income (expense), net	(927)	2
Income tax provision	—	(182)
Net loss	$ (34,126)	$ (25,184)

Our consolidated net loss was approximately $34.1 million for the three months ended March 31, 2019, compared to a net loss of approximately $25.2 million during the same period in 2018. This $8.9 million increase in net loss is primarily a result of the following:

- Total revenues during the period decreased by approximately $1.8 million compared to the same period in 2018 due to the absence of LNG and other revenues of approximately $5.9 million. This was partially offset by an approximately $4.0 million increase in natural gas sales as a result of a production increase.
- Development expenses during the period increased by approximately $2.9 million compared to the same period in 2018 as a result of an overall increase in development activities associated with the Driftwood Project.
- DD&A during the period increased by approximately $2.2 million compared to the same period in 2018 in connection with our natural gas sales revenue increase as discussed above.
- The $3.7 million increase in general and administrative expenses is primarily attributable to an increase in employee headcount when compared to the same period in 2018.
- The $1.0 million increase in our interest expense, net is primarily attributable to the absence of interest payments on the senior secured term loan in the prior period.
- The above factors that resulted in an increase to the net loss for the three months ended March 31, 2019 were partially offset by the reduction of approximately $3.3 million in our cost of sales predominantly as a result of the absence of costs associated with LNG and other revenue transactions of approximately $4.0 million as discussed above.

Off-Balance Sheet Arrangements

As of March 31, 2019, we had no transactions that met the definition of off-balance sheet arrangements that may have a current or future material effect on our consolidated financial position or operating results.

Recent Accounting Standards

For descriptions of recently issued accounting standards, see Note 1, *General*, of our Notes to Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 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 March 31, 2019. 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

There have been no material changes to the legal proceedings disclosed in Part I, Item 3, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, except that the trial date, previously set for June 2019, has been changed to October 2019.

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, 2018.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None that occurred during the three months ended March 31, 2019.

ITEM 5. OTHER INFORMATION

Compliance Disclosure

Pursuant to Section 13(r) of the Exchange Act, if during the quarter ended March 31, 2019, we or any of our affiliates had engaged in certain transactions with Iran or with persons or entities designated under certain executive orders, we would be required to disclose information regarding such transactions in our quarterly report on Form 10-Q as required under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (the "ITRSHRA"). Disclosure is generally required even if the activities were conducted outside the United States by non-U.S. entities in compliance with applicable law. During the quarter ended March 31, 2019, we did not engage in any transactions with Iran or with persons or entities related to Iran.

Total Delaware, Inc. and TOTAL S.A. have beneficial ownership of approximately 19% of the outstanding Tellurian common stock. Total Delaware, Inc. has the right to designate for election one member of Tellurian's board of directors, and Eric Festa is the current Total Delaware, Inc. designee. Total Delaware, Inc. will retain this right for so long as its percentage ownership of Tellurian voting stock is at least 10%. On March 20, 2019, TOTAL S.A. included information in its Annual Report on Form 20-F for the year ended December 31, 2018 (the "Total 2018 Annual Report") regarding activities during 2018 that require disclosure under the ITRSHRA. The relevant disclosures are reproduced in Exhibit 99.1 to this report and are incorporated by reference herein. We have no involvement in or control over such activities, and we have not independently verified or participated in the preparation of the disclosures made in the Total 2018 Annual Report.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	Common Stock Purchase Agreement, dated as of April 3, 2019, by and between Tellurian Inc. and Total Delaware, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 3, 2019)
10.2	Voting Agreement, dated as of April 3, 2019, by and between Tellurian Inc., Total Delaware, Inc., Charif Souki, the Souki 2016 Family Trust, and Martin Houston (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 3, 2019)
10.3	Voting Agreement, dated as of April 3, 2019, by and between Tellurian Inc. and Total Delaware, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 3, 2019)
31.1*	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2*	Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1*	Section 13(r) Disclosure
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

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:	May 8, 2019	By:	/s/ Antoine J. Lafargue
			Antoine J. Lafargue Senior Vice President and Chief Financial Officer (as Principal Financial Officer) Tellurian Inc.
Date:	May 8, 2019	By:	/s/ Khaled A. Sharafeldin
			Khaled A. Sharafeldin Chief Accounting Officer (as Principal Accounting Officer) Tellurian Inc.

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Meg A. Gentle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tellurian Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2019

/s/ Meg A. Gentle

Meg A. Gentle
Chief Executive Officer
(as Principal Executive Officer)
Tellurian Inc.

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Antoine J. Lafargue, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tellurian Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ Antoine J. Lafargue

Antoine J. Lafargue
Senior Vice President and Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Exhibit 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Tellurian Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Meg A. Gentle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

/s/ Meg A. Gentle

Meg A. Gentle
Chief Executive Officer
(as Principal Executive Officer)
Tellurian Inc.

Exhibit 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Tellurian Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Antoine J. Lafargue, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

/s/ Antoine J. Lafargue

Antoine J. Lafargue
Senior Vice President and Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Exhibit 99.1

SECTION 13(r) DISCLOSURE

TOTAL S.A., a company that may be considered an affiliate of Tellurian Inc., included in its Annual Report on Form 20-F for the year ended December 31, 2018 the disclosure reproduced below pursuant to Section 13(r) of the Securities Exchange Act of 1934 regarding certain Iran-related activities of the Group. The terms “TOTAL” and “Group” as used in this document refer to TOTAL S.A. collectively with all of its direct and indirect consolidated companies located in or outside of France.

TOTAL believes that these activities are not sanctionable. The Group’s operational activities related to Iran were stopped in 2018 following the withdrawal of the United States from the JCPOA in May 2018 and prior to the re-imposition of U.S. secondary sanctions on the oil industry as of November 5, 2018. Statements in this section concerning affiliates of TOTAL intending or expecting to continue activities described below are subject to such activities continuing to be permissible under applicable international economic sanctions regimes.

Exploration & Production

Following the suspension of certain international economic sanctions against Iran on January 16, 2016, the Group commenced various business development activities in Iran. Total E&P South Pars S.A.S. (“TEPSP”) (a wholly-owned affiliate), CNPC International Ltd. (“CNPCI”) (a wholly-owned affiliate of China National Petroleum Company) and Petropars Ltd. (“Petropars”) (a wholly-owned affiliate of NIOC) signed a 20-year risked service contract in July 2017, (the “Risked Service Contract”) for the development and production of phase 11 of the South Pars gas field (“SP11”).TEPSP (50.1%) was the operator and a partner of the project alongside CNPCI (30%) and Petropars (19.9%). These companies entered into a joint operating agreement in July 2017 (the “JOA”) concerning, among other things, the governance of their obligations under the Risked Service Contract and the designation of TEPSP as the project’s operator.

In 2018, TEPSP continued conducting petroleum operations on behalf of the above-mentioned consortium in accordance with the terms and conditions of the Risked Service Contract and the JOA. In particular, TEPSP: (i) held several meetings with the Iranian authorities, NIOC and other Iranian state owned/controlled entities; (ii) launched tenders for award of service contracts for the purposes of the SP11 project; (iii) negotiated various agreements (such as service and/or supply agreements and bank service agreements); and (iv) performed other activities under the Risked Service Contract and the JOA.

In 2018, TEPSP completed the technical studies, which were started in November 2016, in accordance with the technical services agreement (the “TSA”) between NIOC and TEPSP, acting on behalf of the consortium.

However, as a result of the withdrawal of the U.S. from the JCPOA in May 2018, TOTAL ceased all of its activities related to the SP11 project and finalized its withdrawal from the SP11 project on October 29, 2018, at which time it transferred its participating interest and operatorship of the project to CNPCI.

The MOU entered into between TOTAL and NIOC in January 2016 to assess potential developments in Iran (including South Azadegan) was amended to include North Azadegan and to extend its duration. NIOC provided TOTAL in 2017 with technical data on the Azadegan oil field so that it could assess potential development of this field. Representatives of TOTAL held technical meetings in 2017 with representatives of NIOC and its affiliated companies and carried out a technical review of the Azadegan (South & North) oil field as well as the Iran LNG Project (a project contemplating a 10 Mt/y LNG production facility at Tombak Port on Iran’s Persian Gulf coast), the results of which were partially disclosed to NIOC and relevant affiliated companies. In addition, TOTAL signed an MOU in 2017 with an international company to evaluate jointly the Azadegan oil field opportunity with NIOC. This international company decided in February 2018 to withdraw from this technical cooperation and a MOU termination agreement was formally executed with TOTAL on May 16, 2018. Technical studies were pursued by TOTAL until March 2018 on the Azadegan area with regular contacts with NIOC. All work and contacts with NIOC on this subject ceased at the end of March 2018.

During 2018, in connection with the activities under the aforementioned Risked Service Contract and MOUs, and to discuss other new opportunities, representatives of TOTAL attended meetings with the Iranian oil and gas ministry and several Iranian companies with ties to the government of Iran. In connection with travel to Iran in 2018 by certain employees of the Group, TOTAL made payments to Iranian authorities for visas, airport services, exit fees and similar travel-related charges. In addition, representatives of TOTAL had meetings in France with the Iranian ambassador.

Neither revenues nor profits were recognized from any of the aforementioned activities under the aforementioned Risked Service Contract and MOUs in 2018.

Maersk Oil studied two potential projects with NIOC, prior to the acquisition of Maersk Oil by TOTAL in March 2018. These studies ceased after a meeting with NIOC representatives in May 2018.

The Tehran branch office of TEPSP, opened in 2017 for the purposes of the SP11 project, ceased all operational activities prior to November 1, 2018 and will be closed and de-registered in 2019. Since November 2018, Total Iran BV maintains a local representative office in Tehran with a few employees, solely for non-operational functions. Concerning payments to Iranian entities in 2018, Total Iran BV and Elf Petroleum Iran collectively made payments of approximately IRR 31.7 billion (approximately $300,000[1]) to the Iranian administration for taxes and social security contributions concerning the personnel of the aforementioned representative office and residual obligations related to various prior risked service contracts. In 2019, similar types of payments are to be made in connection with maintaining the representative office in Tehran, albeit in lower amounts. None of these payments has been or is expected to be executed in U.S. dollars.

Furthermore, Total E&P UK Limited ("TEP UK"), a wholly-owned affiliate, holds a 1% interest in a joint venture for the Bruce field in the United Kingdom with Serica Energy (UK) Limited ("Serica") (98%, operator) and BP Exploration Operating Company Limited ("BP") (1%), following the completion of the sale of 42.25% of TEP UK's interests in the Bruce field on November 30, 2018 pursuant to a sale and purchase agreement dated August 2, 2018 between TEP UK and Serica. Upon the closing of the transaction on November 30, 2018, all other prior joint venture partners also sold their interests in the Bruce field to Serica (BP sold 36% retaining a 1% interest; BHP Billiton Petroleum Great Britain Limited ("BHP") sold their full 16% interest and Marubeni Oil & Gas (U.K.) Limited (("Marubeni") sold their full 3.75%).

The Bruce field joint venture is party to an agreement (the "Bruce Rhum Agreement") governing certain transportation, processing and operation services provided to another joint venture at the Rhum field in the UK, co-owned by Serica (50%, operator) and the Iranian Oil Company UK Ltd ("IOC"), a subsidiary of NIOC (50%). Under the terms of the Bruce Rhum Agreement, the Rhum field owners pay a proportion of the operating costs of the Bruce field facilities calculated on a gas throughput basis. IOC's share of costs incurred under the Bruce Rhum Agreement have been paid to TEP UK in 2018 by Naftiran Intertrade Company Limited ("NICO"), the trading branch of the National Iranian Oil Company ("NIOC"). NIOC is the parent company of IOC and an Iranian government owned corporation. In 2018, based upon TEP UK's 1% interest in the Bruce field and income from the net cash flow sharing arrangement with Serica, gross revenue to TEP UK from IOC's share of the Rhum field resulting from the Bruce Rhum Agreement was approximately £8 million. This sum was used to offset operating costs on the Bruce field and as such, generated no net profit to TEP UK. This arrangement is expected to continue in 2019.

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[1] Converted using the average exchange rate for fiscal year 2018, as published by Bloomberg.

In 2018, TEP UK acted as agent for BHP and Marubeni, which faced difficulty securing banking arrangements allowing them to accept payments from IOC, and, thus, received payments from IOC in relation to BHP and Marubeni's share of income from the Bruce Rhum Agreement under the terms of an agency agreement entered into in June 2018 between BHP, Marubeni and TEP UK (the "Agency Agreement"). Payments made from IOC to BHP and Marubeni in 2018 related to the periods prior to the completion of their divestment to Serica in November 2018. Total payment received on behalf of BHP and Marubeni by TEP UK under this arrangement in 2018 was approximately £7 million. This amount relates to income due to BHP and Marubeni under the Bruce Rhum Agreement for 2017 and 2018. TEP UK transferred all income received under the Agency Agreement to BHP and Marubeni and provided the service on a no profit, no loss basis. The Agency Agreement is expected to be terminated upon receipt of all payments relating to the period up to November 30, 2018.

Prior to the re-imposition of U.S. secondary sanctions on the oil industry as of November 5, 2018, TEP UK liaised directly with IOC concerning its interest in the Bruce Rhum Agreement and it received payments directly for services provided to IOC under the Bruce Rhum Agreement. In October 2018, the U.S. Treasury Department's Office of Foreign Asset Control ("OFAC") granted a new conditional license to BP and Serica authorizing the provision of services to the Rhum field, following the reinstatement of U.S. secondary sanctions. The principal condition of the OFAC license is that the Iranian government's shareholding in IOC is transferred into a trust in order that Iran may not derive any benefit from the Rhum field or exercise any control while the U.S. secondary sanctions are in place. A Jersey based trust has been put in place with the trustee holding IOC's shares in the Rhum field. IOC's interest is now managed by a new independent management company established by the trust and referred to as the "Rhum Management Company" ("RMC") and where necessary TEP UK liaises, and expects to continue doing so in 2019, with RMC in relation to the Bruce Rhum Agreement.

TEP UK is also party to an agreement with Serica whereby TEP UK uses reasonable endeavors to evacuate Rhum NGL from the St Fergus Terminal (the "Rhum NGL Agreement"). TEP UK provides this service - subject to Serica having title to all of the Rhum NGL to be evacuated and Serica having a valid license from OFAC for the activity - on a cost basis, but for which TEP UK charges a monthly handling fee that generates an income of approximately £35,000 per annum relating to IOC's 50% stake in the Rhum field. After costs, TEP UK realizes little profit from this arrangement.TEP UK expects to continue this activity in 2019.

Following the acquisition of Maersk Oil in 2018, the undeveloped Yeoman discovery is now wholly owned by the Group, under license P2158 granted to Maersk Oil North Sea UK Limited, recently renamed Total E&P North Sea UK Limited ("TEPNSUK"). Yeoman is situated adjacent to the Pardis discovery in which IOC held an interest, which it sold in October 2018. Prior to this divestment, non-legally binding technical and commercial discussions had taken place between TEPNSUK, IOC and the UK Government's Oil and Gas Authority during the first half of 2018 regarding a potential joint development of Yeoman and Pardis but no contractual arrangements were implemented in connection with such discussions. Also prior to this divestement, other discussions had taken place between TEPNSUK and IOC on an informal basis regarding a potential farm-in to Pardis by Maersk Oil.

Lastly, TOTAL paid approximately €8,000 to Iranian authorities related to various patents[2] in 2018. Similar payments are expected to be made in 2019 for such patents.

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[2] Section 560.509 of the U.S. Iranian Transactions and Sanctions Regulations provides an authorization for certain transactions in connection with patent, trademark, copyright or other intellectual property protection in the United States or Iran, including payments for such services and payments to persons in Iran directly connected to intellectual property rights, and TOTAL believes that the activities related to the industrial property rights described in this section are consistent with that authorization.

Other segments

In 2018, TOTAL paid fees of approximately €1,500 to Iranian authorities related to the maintenance and protection of trademarks and designs in Iran. Similar payments are expected to be made in 2019.

Trading & Shipping

Following the suspension of applicable EU and U.S. economic sanctions in 2016, the Group commenced the purchase of Iranian hydrocarbons through its wholly-owned affiliate TOTSA TOTAL OIL TRADING SA (“TOTSA”). In 2018, the Group continued its trading activities with Iran via TOTSA, which purchased approximately 18 Mb of Iranian crude oil for nearly €1 billion pursuant to term contracts. It is not possible to estimate the gross revenue and net profit related to these purchases because the totality of this crude oil was used to supply the Group’s refineries. In addition, in 2018, approximately 1 Mb of petroleum products were sold to entities with ties to the government of Iran. These activities generated gross revenue of nearly €43 million and a net profit of approximately €1 million. The Group ceased these activities in June 2018.

Gas, Renewables & Power

Saft Groupe S.A. (“Saft”), a wholly-owned affiliate, in 2018 sold signaling and backup battery systems for metros and railways as well as products for the utilities and oil and gas sectors to companies in Iran, including some having direct or indirect ties with the Iranian government. In 2018, this activity generated gross revenue of approximately €2.5 million and net profit of approximately €0.3 million. Saft ceased this activity in 2018. Saft also attended the Iran Oil Show in 2018, where it discussed business opportunities with Iranian customers, including those with direct or indirect ties with the Iranian government. Saft ceased this activity in 2018.

Total Eren, a company in which Total Eren Holding holds an interest of 68.76% (TOTAL S.A. owns 33.86% of Total Eren Holding), had preliminary discussions during January to March 2018 for possible investments in renewable energy projects in Iran, including meetings with ministries of the Iranian government. These discussions and meetings ceased as of March 2018 and neither revenues nor profits were recognized from this activity in 2018.

Refining & Chemicals

As of May 2018, Hutchinson SA and its affiliates no longer accepted orders from Iranian companies and ceased all activities, in general, with Iran and all Iranian companies prior to August 6, 2018.

Le Joint Français, a wholly-owned affiliate of Hutchinson SA, sold vehicular O-ring seals in 2018 to Iran Khodro, a company in which the government of Iran holds a 20% interest and which is supervised by Iran’s Industrial Management Organization. This activity generated gross revenue of approximately €54,056 and net profit of approximately €8,108.

Paulstra S.N.C., a wholly-owned affiliate of Hutchinson SA, obtained in 2017 an order from Iran Khodro to sell vehicular anti-vibration systems over a 5-year period. This activity did not generate any gross revenue or net profit in 2018 because Paulstra did not delivery any product to Iran Khodro. The order was terminated in 2018. Paulstra S.N.C. also sold oil seals in 2018 to Iran Khodro. This activity generated gross revenue of approximately €1,078,887 and net profit of approximately €161,833.

Catelsa Caceres, a wholly-owned affiliate of Hutchinson Iberia, itself wholly-owned by Hutchinson SA, sold sealing products to Iran Khodro in 2018. This activity generated gross revenue of approximately €1,449 and net profit of approximately €217.

Hutchinson GMBH, a wholly-owned affiliate of Hutchinson SA, sold hoses for automotive vehicles to Iran Khodro in 2018. This activity generated gross revenue for approximately €257,400 and net profit of approximately €38,610. The last shipments from Hutchinson and its affiliates to Iran Khodro were in August 2018 and last payments were made in October 2018.

Hanwha Total Petrochemicals ("HTC"), a joint venture in which Total Holdings UK Limited (a wholly-owned affiliate) holds a 50% interest and Hanwha General Chemicals holds a 50% interest, purchased approximately 17 Mb of condensates from NIOC for approximately KRW 1,310 billion (approximately $1.2 billion) from January to July 2018, then HTC stopped purchasing from NIOC. These condensates are used as raw material for certain of HTC's steam crackers. HTC also chartered fifteen tankers of condensates with National Iranian Tanker Company (NITC), a subsidiary of NIOC, for approximately KRW 24 billion (approximately $22.3 million). In November 2018, South Korea was granted a significant reduction exemption waiver (the "SRE waiver") allowing it to import Iranian condensate from NIOC for six months. For 2019, based on the SRE waiver, HTC is reviewing the feasibility to resume purchases from NIOC.

Total Research & Technology Feluy ("TRTF", a wholly-owned affiliate), Total Marketing Services ("TMS", a wholly-owned affiliate), and Total Raffinage Chimie ("TRC") paid in 2018 fees totaling approximately €1,000 to Iranian authorities related to various patents. Similar payments are expected to be made by TRTF and TRC in 2019. TMS abandoned its patent rights in Iran in 2018, thus no payments are expected by TMS in 2019.

Marketing & Services

Until December 2012, at which time it sold its entire interest, the Group held a 50% interest in the lubricants retail company Beh Tam (formerly Beh Total) along with Behran Oil (50%), a company controlled by entities with ties to the government of Iran. As part of the sale of the Group's interest in Beh Tam, TOTAL S.A. agreed to license the trademark "Total" to Beh Tam for an initial 3-year period (renewed for an additional 3 year period) for the sale by Beh Tam of lubricants to domestic consumers in Iran. Royalty payments for 2014 were received by TOTAL S.A. during the first semester of 2018 in the amount of approximately €730,000. There remain outstanding royalty payments for 2015 through 2017 in favor of TOTAL S.A. This licensing agreement was terminated in 2018. In addition, representatives of Total Oil Asia-Pacific Pte Ltd, a wholly-owned affiliate, visited Behran Oil beginning 2018 regarding the potential purchase of 50% of the share capital of Beh Tam. Discussions on this matter ended following the announcement of the re-imposition of U.S. secondary sanctions on the oil industry.

Total Marketing Middle East FZE, a wholly-owned affiliate, sold lubricants to Beh Tam in 2018. The sale in 2018 of approximately 43 t of lubricants and special fluids generated gross revenue of approximately AED 500,000 (approximately $136,000) and net profit of approximately AED 260,000 (approximately $71,000[3]). The company stopped all transactions with this customer as of August 2018.

Total Marketing France ("TMF"), a company wholly-owned by TMS, provided in 2018 fuel payment cards to the Iranian embassy and delegation to UNESCO in France for use in the Group's service stations. In 2018, these activities generated gross revenue of approximately €32,000 and net profit of approximately €5,000. The company expects to continue this activity in 2019.

TMF also sold jet fuel in 2018 to Iran Air as part of its airplane refueling activities in France. The sale of approximately 260 cubic meters of jet fuel generated gross revenue of approximately €130,000 and net profit of approximately €570. The company stopped all transactions with this customer prior to November 5, 2018.

Total Belgium, a wholly-owned affiliate, provided in 2018 fuel payment cards to the Iranian embassy in Brussels (Belgium) for use in the Group's service stations. In 2018, these activities generated gross revenue of approximately €11,000 and net profit of approximately €4,000. The company expects to continue this activity in 2019.

[3] Converted using the average exchange rate for fiscal year 2018, as published by Bloomberg.