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

FORM 10-Q

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

For the quarterly period ended June 30, 2022

OR

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

For the transition period from ______ to ______

Commission File Number 001-5507

Tellurian Inc.

(Exact name of registrant as specified in its charter)

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

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

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**TELL**	**NYSE American LLC**
8.25% Senior Notes due 2028	**TELZ**	**NYSE American LLC**

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

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

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

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

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

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

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

Yes □ No x

As of July 28, 2022, there were 568,620,208 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,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “initial,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “proposed,” “should,” “will,” “would” and similar terms, phrases, and expressions are intended to identify forward-looking statements. These forward-looking statements relate to, among other things:

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

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

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

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

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

DEFINITIONS

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

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

	June 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 823,522	$ 305,496
Accounts receivable	31,975	9,270
Prepaid expenses and other current assets	22,210	12,952
Total current assets	877,707	327,718
Property, plant and equipment, net	409,150	150,545
Deferred engineering costs	—	110,025
Other non-current assets	54,085	33,518
Total assets	$ 1,340,942	$ 621,806
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,123	$ 2,852
Accrued and other liabilities	69,970	85,946
Borrowings	162,848	—
Total current liabilities	237,941	88,798
Long-term liabilities:		
Borrowings	381,072	53,687
Finance lease liabilities	50,034	50,103
Other non-current liabilities	18,161	10,917
Total long-term liabilities	449,267	114,707
Stockholders' equity:		
Preferred stock, $0.01 par value, 100,000,000 authorized: 6,123,782 and 6,123,782 shares outstanding, respectively	61	61
Common stock, $0.01 par value, 800,000,000 authorized: 568,620,208 and 500,453,575 shares outstanding, respectively	5,454	4,774
Additional paid-in capital	1,645,920	1,344,526
Accumulated deficit	(997,701)	(931,060)
Total stockholders' equity	653,734	418,301
Total liabilities and stockholders' equity	$ 1,340,942	$ 621,806

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Natural gas sales	$ 61,350	$ 5,578	$ 87,339	$ 14,284
LNG sales	—	19,776	120,951	19,776
Total revenues	61,350	25,354	208,290	34,060
Operating costs and expenses:				
LNG cost of sales	—	22,847	131,663	22,847
Operating expenses	5,943	2,520	10,108	4,926
Development expenses	17,687	9,363	35,352	17,504
Depreciation, depletion and amortization	5,854	2,333	9,875	4,985
General and administrative expenses	23,514	17,426	55,839	32,537
Total operating costs and expenses	52,998	54,489	242,837	82,799
Income (loss) from operations	8,352	(29,135)	(34,547)	(48,739)
Interest expense, net	(4,566)	(829)	(6,846)	(6,721)
(Loss) gain on extinguishment of debt, net	—	(152)	—	1,422
Other expense, net	(3,821)	(482)	(25,249)	(3,545)
Loss before income taxes	(35)	(30,598)	(66,642)	(57,583)
Income tax	—	—	—	—
Net loss	$ (35)	$ (30,598)	$ (66,642)	$ (57,583)
Net loss per common share[(1)]:				
Basic and diluted	$ 0.00	$ (0.08)	$ (0.13)	$ (0.16)
Weighted-average shares outstanding:				
Basic and diluted	534,521	386,045	515,338	371,442

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Total shareholders' equity, beginning balance	$ 524,655	$ 181,906	$ 418,301	$ 109,090
Preferred stock	61	$ 61	61	61
Common stock:				
Beginning balance	5,229	3,779	4,774	3,309
Common stock issuances	223	251	677	638
Share-based compensation, net	2	18	2	41
Share-based payment	—		1	
Warrant exercises	—	—	—	60
Ending balance	5,454	4,048	5,454	4,048
Additional paid-in capital:				
Beginning balance	1,517,031	1,021,373	1,344,526	922,042
Common stock issuances	127,859	92,950	299,063	181,726
Share-based compensation, net	811	2,492	1,716	5,148
Share-based payments	219	—	616	—
Warrant exercises	—	—	—	8,117
Warrant cancellation	—	—	—	(218)
Ending balance	1,645,920	1,116,815	1,645,920	1,116,815
Accumulated deficit:				
Beginning balance	(997,666)	(843,307)	(931,059)	(816,322)
Net loss	(35)	(30,598)	(66,642)	(57,583)
Ending balance	(997,701)	(873,905)	(997,701)	(873,905)
Total shareholders' equity, ending balance	$ 653,734	$ 247,019	$ 653,734	$ 247,019

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

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

	Six Months Ended June 30,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (66,642)	$ (57,583)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	9,875	4,985
Amortization of debt issuance costs, discounts and fees	580	3,061
Share-based compensation	1,718	3,129
Share-based payments	616	—
Interest elected to be paid-in-kind	—	508
Loss on financial instruments not designated as hedges	13,472	927
Net gain on extinguishment of debt	—	(1,422)
Other	555	562
Net changes in working capital (Note 15)	(43,672)	14,879
Net cash used in operating activities	(83,498)	(30,954)
Cash flows from investing activities:		
Development of natural gas properties	(66,500)	(6,139)
Driftwood Project construction costs	(68,725)	—
Land purchases and land improvements	(17,425)	(611)
Investment in unconsolidated entity	(6,089)	—
Net cash used in investing activities	(158,739)	(6,750)
Cash flows from financing activities:		
Proceeds from common stock issuances	309,021	188,040
Equity issuance costs	(9,281)	(5,677)
Borrowing proceeds	501,178	—
Borrowing issuance costs	(11,488)	—
Borrowing principal repayments	—	(119,725)
Tax payments for net share settlement of equity awards (Note 15)	—	(2,990)
Proceeds from warrant exercises	—	8,177
Other	(3,063)	(1)
Net cash provided by financing activities	786,367	67,824
Net increase in cash, cash equivalents and restricted cash	544,130	30,120
Cash, cash equivalents and restricted cash, beginning of period	307,274	81,738
Cash, cash equivalents and restricted cash, end of period	$ 851,404	$ 111,858
Supplementary disclosure of cash flow information:		
Interest paid	$ 4,928	$ 3,099

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

Tellurian is developing and plans to own and operate a portfolio of natural gas, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the "Driftwood terminal"), an associated pipeline (the "Driftwood pipeline"), other related pipelines, and upstream natural gas assets. The Driftwood terminal and the Driftwood pipeline are collectively referred to as the "Driftwood Project."

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2021.

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

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

Liquidity

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

The Company has sufficient cash on hand and available liquidity to satisfy its obligations and fund its working capital needs for at least twelve months following the date of issuance of the Condensed Consolidated Financial Statements. The Company has the ability to generate additional proceeds from various other potential financing transactions. We are currently focused on the financing and construction of the Driftwood terminal and continuing to expand our upstream activities.

NOTE 2 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	June 30, 2022	December 31, 2021
Prepaid expenses	$ 454	$ 605
Deposits	18,719	3,589
Restricted cash	3,000	—
Derivative assets, net current	—	8,693
Other current assets	37	65
Total prepaid expenses and other current assets	$ 22,210	$ 12,952

Deposits

Margin deposits posted with a third-party financial institution related to our financial instrument contracts were approximately $17.6 million and $2.1 million as of June 30, 2022 and December 31, 2021, respectively.

Restricted Cash

Restricted cash as of June 30, 2022, represents funds held in escrow under the terms of an agreement to purchase land for the Driftwood Project.

NOTE 3 — PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment consist of the following (in thousands):

	June 30, 2022	December 31, 2021
Upstream natural gas assets:		
Proved properties	$ 156,105	$ 96,297
Wells in progress	13,115	17,653
Accumulated DD&A	(58,270)	(48,638)
Total upstream natural gas assets, net	110,950	65,312
Driftwood Project assets:		
Land and land improvements	49,169	25,222
Driftwood terminal construction in progress	189,980	—
Finance lease assets, net of accumulated DD&A	57,295	57,883
Buildings and other assets, net of accumulated DD&A	356	371
Total Driftwood Project, net	296,800	83,476
Fixed assets and other:		
Leasehold improvements and other assets	2,928	3,104
Accumulated DD&A	(1,528)	(1,347)
Total fixed assets and other, net	1,400	1,757
Total property, plant and equipment, net	$ 409,150	$ 150,545

Land

We own land in Louisiana intended for the construction of the Driftwood Project.

Driftwood Terminal Construction in Progress

During the year ended December 31, 2021, the Company initiated certain owner construction activities necessary to proceed under our LSTK EPC agreement with Bechtel Energy Inc., formerly known as Bechtel Oil, Gas and Chemicals, Inc. (“Bechtel”), for Phase 1 of the Driftwood terminal dated as of November 10, 2017 (the “Phase 1 EPC Agreement”). On March 24, 2022, the Company issued a limited notice to proceed to Bechtel under the Phase 1 EPC Agreement and commenced construction of Phase 1 of the Driftwood terminal on April 4, 2022. As the Company commenced construction activities, Deferred engineering costs and Permitting Costs of approximately $110.0 million and $13.4 million, respectively, were transferred to construction in progress as of March 31, 2022. During the six months ended June 30, 2022, we capitalized approximately $66.6 million of directly identifiable project costs as construction in progress.

NOTE 4 — DEFERRED ENGINEERING COSTS

Deferred engineering costs related to the planned construction of the Driftwood terminal were transferred to construction in progress upon issuing the limited notice to proceed to Bechtel in March 2022. See Note 3, *Property, Plant and Equipment*, for further information.

NOTE 5 — OTHER NON-CURRENT ASSETS

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

	June 30, 2022	December 31, 2021
Land lease and purchase options	$ 825	$ 6,368
Permitting costs	—	13,408
Right of use asset — operating leases	12,872	10,166
Restricted cash	24,882	1,778
Investment in unconsolidated entity	6,089	—
Driftwood pipeline materials	5,229	—
Other	4,188	1,798
Total other non-current assets	$ 54,085	$ 33,518

Land Lease and Purchase Options

During the first quarter of 2022, we exercised the final land purchase options related to the Driftwood terminal. Land purchase options held by the Company as of June 30, 2022 are related to the Driftwood pipeline and other related pipelines.

Permitting Costs

Permitting costs primarily represented the purchase of wetland credits in connection with our permit application to the USACE in 2017 and 2018. These wetland credits were transferred to construction in progress upon issuing the limited notice to proceed to Bechtel in March 2022. See Note 3, *Property, Plant and Equipment*, for further information. 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 potential impact to Louisiana wetlands that might be caused by the construction of the Driftwood Project.

Restricted Cash

Restricted cash as of June 30, 2022 and December 31, 2021, represents cash collateralization of letters of credit associated with a finance lease.

Investment in unconsolidated entity

On February 24, 2022, the Company purchased 1.5 million ordinary shares of an unaffiliated entity engaged in renewable energy services for a total cost of approximately $6.1 million. This investment does not provide the Company with a controlling financial interest in or significant influence over the operating or financial decisions of the unaffiliated entity. The Company's investment was recorded at cost.

NOTE 6 — FINANCIAL INSTRUMENTS

Natural Gas Financial Instruments

During the fourth quarter of 2021, we began entering into natural gas financial futures contracts to economically hedge the commodity price exposure of a portion of our natural gas production. The Company's open positions as of June 30, 2022, had notional volumes of 5.9 Bcf, with maturities extending through March 2023.

LNG Financial Instruments

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

The following table summarizes the effect of the Company's financial futures contracts which are included within Other expense, net on the Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Natural gas financial futures contracts:				
Realized loss	$ 10,536	$ 548	$ 11,251	$ 1,202
Unrealized gain (loss)	6,790	—	(8,311)	—
LNG financial futures contracts:				
Realized gain	—	—	3,532	—
Unrealized loss	—	—	5,161	—

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

	June 30, 2022	December 31, 2021
Current assets:		
LNG financial futures contracts	—	$ 8,693
Current liabilities:		
Natural gas financial futures contracts	$ 8,311	—

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

NOTE 7 — ACCRUED AND OTHER LIABILITIES

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

	June 30, 2022	December 31, 2021
Upstream accrued liabilities	$ 25,498	$ 26,421
Payroll and compensation	18,685	50,243
Accrued taxes	569	991
Driftwood Project development activities	6,719	435
Lease liabilities	2,609	2,279
Current derivative liabilities	8,311	—
Other	7,579	5,577
Total accrued and other liabilities	$ 69,970	$ 85,946

NOTE 8 — BORROWINGS

The following tables summarize the Company's borrowings as of June 30, 2022, and December 31, 2021 (in thousands):

	June 30, 2022		
	Principal repayment obligation	Unamortized DFC	Carrying value
Senior Secured Convertible Notes, current	$ 166,666	$ (3,818)	$ 162,848
Senior Secured Convertible Notes, non-current	333,334	(7,194)	326,140
Senior Notes due 2028	57,678	(2,746)	54,932
Total borrowings	$ 557,678	$ (13,758)	$ 543,920

	December 31, 2021		
	Principal repayment obligation	Unamortized DFC	Carrying value
Senior Notes due 2028	$ 56,500	$ (2,813)	$ 53,687
Total borrowings	$ 56,500	$ (2,813)	$ 53,687

Senior Secured Convertible Notes due 2025

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

The holders of the Convertible Notes have the right to convert the Convertible Notes into shares of our common stock at an initial conversion rate of 174.703 shares per $1,000 principal amount of Convertible Notes (equivalent to a conversion price of approximately $5.724 per share of common stock) (the "Conversion Price"), subject to adjustment in certain circumstances. Holders of the Convertible Notes may force the Company to redeem the Notes for cash upon (i) a fundamental change or (ii) an event of default. The Company will force the holders of the Notes to convert all of the Convertible Notes if the trading price of our common stock closes above 200% of the Conversion Price for 20 consecutive trading days and certain other conditions are satisfied. The Company may provide written notice to each holder of the Convertible Notes calling all of such holder's Convertible Notes for a cash purchase price equal to 120% of the principal amount being redeemed, plus accrued and unpaid interest (the "Optional Redemption"), and each holder will have the right to accept or reject such Optional Redemption. On each of May 1, 2023 and May 1, 2024, the holders of the Convertible Notes may redeem up to $166.6 million of the initial principal amount of the Convertible Notes at par, plus accrued and unpaid interest (the "Redemption Amount"). The Company classified the Redemption Amount in respect of May 1, 2023 as a current borrowing on the Condensed Consolidated Balance Sheet as of June 30, 2022.

Our borrowing obligations under the Convertible Notes are collateralized by a first priority lien on the Company's equity interests in Tellurian Production Holdings, LLC ("Tellurian Production Holdings"), a wholly owned subsidiary of Tellurian Inc. Tellurian Production Holdings owns all of the Company's upstream natural gas assets described in Note 3, Property, Plant and Equipment. Upon the Company's compliance with its obligations in respect of an Optional Redemption (regardless of whether holders accept or reject the redemption), the lien on the equity interests in Tellurian Production Holdings will be automatically released. The Convertible Notes contain a minimum cash covenant and non-financial covenants. As of June 30, 2022, we remained in compliance with all covenants under the Convertible Notes.

As of June 30, 2022, the estimated fair value of the Convertible Notes, was approximately $465.3 million. The Level 3 fair value was estimated based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, including our stock price and inputs that are not observable in the market.

Senior Notes due 2028

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

$6.5 million of the Senior Notes resulting in net proceeds of approximately $6.2 million after deducting fees. The Senior Notes have quarterly interest payments due on January 31, April 30, July 31, and October 31 of each year and on the maturity date. As of June 30, 2022, the Company was in compliance with all covenants under the indenture governing the Senior Notes. The Senior Notes are traded on the NYSE American under the symbol "TELZ," and are classified as Level 1 within the fair value hierarchy. As of June 30, 2022, the closing market price per Senior Note was $21.85.

At-the-Market Debt Offering Program

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

Extinguishment of the 2019 Term Loan

On May 23, 2019, Driftwood Holdings LP, a wholly owned subsidiary of the Company, entered into a senior secured term loan agreement (the "2019 Term Loan") to borrow an aggregate principal amount of $60.0 million. On March 12, 2021 (the "Extinguishment Date"), we finalized a voluntary repayment of the remaining outstanding principal balance of the 2019 Term Loan. A total of approximately $43.7 million was repaid to the lender during the first quarter of 2021 to satisfy the outstanding borrowing obligation. The extinguishment of the 2019 Term Loan resulted in an approximately $2.1 million gain, which was recognized within Gain on extinguishment of debt, net, on our Condensed Consolidated Statements of Operations.

As a result of repaying the outstanding balance prior to its contractual maturity, an approximately $4.4 million in unamortized DFC and discount was included in the computation of the gain from the extinguishment of the 2019 Term Loan.

The holder of the 2019 Term Loan held approximately 3.5 million unvested warrants that had a fair value of approximately $6.3 million as of the Extinguishment Date. Due to the extinguishment of the 2019 Term Loan, all the unvested warrants were contractually terminated (the "Terminated Warrants"), and their respective fair value was included in the computation of the gain on extinguishment of the 2019 Term Loan. The fair value of the Terminated Warrants was determined using a Black-Scholes option pricing model.

2018 Term Loan

On September 28, 2018, Tellurian Production Holdings entered into a three-year senior secured term loan credit agreement (the "2018 Term Loan") in an aggregate principal amount of $60.0 million. On February 18, 2021, we voluntarily repaid approximately $43.0 million of the 2018 Term Loan outstanding principal balance. Then, on April 23, 2021, we voluntarily repaid the remaining outstanding principal balance of $17.0 million.

These voluntary repayments resulted in losses of approximately $0.2 million and $0.7 million for the three and six months ended June 30, 2021, respectively, which were recognized within (Loss) gain on extinguishment of debt, net, on our Condensed Consolidated Statements of Operations.

Trade Finance Credit Line

On July 19, 2021, we entered into an uncommitted trade finance credit line for up to $30.0 million that is intended to finance the purchase of LNG cargos for ultimate resale in the normal course of business. On December 7, 2021, the uncommitted trade finance credit line was amended and increased to $150.0 million. As of June 30, 2022, no amounts were drawn under this credit line.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

On January 26, 2022, our wholly owned subsidiary Tellurian Trading UK Ltd entered into an agreement to cancel three LNG cargos that the Company was committed to purchase in April, July and October 2022 under a master LNG sale and purchase agreement ("LNG SPA") we entered into in April 2019 with an unrelated third-party LNG merchant. The Company is required to pay a cancellation fee of approximately $1.0 million for all three LNG cargos. As of June 30, 2022, a balance of approximately $690.0 thousand remains outstanding and is included within Accrued and other liabilities on our Condensed Consolidated Balance Sheet. The Company does not have any further commitments or obligations under this LNG SPA.

Related Party Contractor Service Fees and Expenses

The Company entered into a one-year independent contractor agreement, effective January 1, 2022, with Mr. Martin Houston, who serves as Vice Chairman and a member of the Company's Board of Directors. Pursuant to the terms and conditions of this agreement, the Company pays Mr. Houston a monthly fee of $50.0 thousand plus approved expenses. For the three and six months ended June 30, 2022, the Company paid Mr. Houston $150.0 thousand and $325.0 thousand, respectively, for contractor service fees and expenses. As of June 30, 2022, there were no balances due to Mr. Houston.

NOTE 10 — STOCKHOLDERS' EQUITY

At-the-Market Equity Offering Programs

We maintain multiple at-the-market equity offering programs pursuant to which we may sell shares of our common stock from time to time on the NYSE American. During the six months ended June 30, 2022, we issued 67.7 million shares of our common stock under our at-the-market equity offering programs for net proceeds of approximately $299.7 million. As of June 30, 2022, we had remaining availability under such at-the-market programs to raise aggregate gross sales proceeds of up to approximately $323.7 million.

Common Stock Purchase Warrants

2019 Term Loan

During the first quarter of 2021, the lender of the 2019 Term Loan exercised warrants to purchase approximately 6.0 million shares of our common stock for total proceeds of approximately $8.2 million. As discussed in Note 8, *Borrowings*, the 2019 Term Loan has been repaid in full and the lender no longer holds any warrants.

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, pursuant to which we sold to Bechtel Holdings approximately 6.1 million shares of our Series C convertible preferred stock (the "Preferred Stock").

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

NOTE 11 — SHARE-BASED COMPENSATION

We have granted restricted stock and restricted stock units (collectively, "Restricted Stock"), as well as unrestricted stock and stock options, to employees, directors and outside consultants (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 either cash, stock, or a combination thereof. As of June 30, 2022, there was no Restricted Stock that would be required to be settled in cash.

As of June 30, 2022, we had approximately 31.9 million shares of primarily performance-based Restricted Stock outstanding, of which approximately 19.2 million shares will vest entirely at FID, as defined in the award agreements, and approximately 11.7 million shares will vest in one-third increments at FID and the first and second anniversaries of FID. The remaining shares of primarily performance-based Restricted Stock, totaling approximately 1.0 million shares, will vest based on other criteria. As of June 30, 2022, no expense had been recognized in connection with performance-based Restricted Stock.

For the three and six months ended June 30, 2022, the recognized share-based compensation expenses related to all share-based awards totaled approximately $0.8 million and $1.7 million, respectively. As of June 30, 2022, unrecognized compensation expenses, based on the grant date fair value, for all share-based awards totaled approximately $204.2 million. Further, approximately 31.9 million shares of primarily performance-based Restricted Stock, as well as approximately 11.1 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 12 — INCENTIVE COMPENSATION PROGRAM

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

Long-term incentive awards

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

	Number of Tracking Units (in thousands)	Price per Tracking Unit
Balance at January 1, 2022	—	—
Granted	19,332	$ 3.09
Vested	(6,444)	3.38
Forfeited	(110)	3.34
Unvested balance at June 30, 2022	12,778	$ 2.98

We recognize compensation expense for awards with graded vesting schedules over the requisite service periods for each separately vesting portion of the award as if each award was in substance multiple awards. Compensation expense for the first tranche of the 2021 LTI Award that vested at the grant date was recognized over the performance period when it was probable that the performance condition was achieved. Compensation expense for the second and third tranches of the 2021 LTI Award is recognized on a straight-line basis over the requisite service period. Compensation expense for unvested tracking units is subsequently adjusted each reporting period to reflect the estimated payout levels based on changes in the Company's stock price and actual forfeitures. For the three and six months ended June 30, 2022, we recognized approximately $1.6 million and $14.3 million, respectively, in compensation expense for the second and third tranches of the 2021 LTI Award.

NOTE 13 — INCOME TAXES

Due to our cumulative loss position, historical net operating losses ("NOLs"), and other available evidence related to our ability to generate taxable income, we have recorded a full valuation allowance against our net deferred tax assets as of June 30, 2022 and December 31, 2021. Accordingly, we have not recorded a provision for federal, state or foreign income taxes during the three and six months ended June 30, 2022.

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

NOTE 14 — LEASES

Our land leases are classified as finance leases and include one or more options to extend the lease term for up to 40 years, as well as to terminate the lease within five years, at our sole discretion. We are reasonably certain that those options will be exercised, and that our termination rights will not be exercised, and we have, therefore, included those assumptions within our right of use assets and corresponding lease liabilities. Our office space leases are classified as operating leases and include one or more options to extend the lease term up to 10 years, at our sole discretion. As we are not reasonably certain that those options will be exercised, none are recognized as part of our right of use assets and lease liabilities. As none of our leases provide an implicit rate, we have determined our own discount rate.

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

Leases	**Consolidated Balance Sheets Classification**	**June 30, 2022**	**December 31, 2021**
Right of use asset			
Operating	Other non-current assets	$ 12,872	$ 10,166
Finance	Property, plant and equipment, net	57,295	57,883
Total leased assets		$ 70,167	$ 68,049
Liabilities			
Current			
Operating	Accrued and other liabilities	$ 2,473	$ 2,147
Finance	Accrued and other liabilities	136	132
Non-Current			
Operating	Other non-current liabilities	11,910	9,563
Finance	Finance lease liabilities	50,034	50,103
Total leased liabilities		$ 64,553	$ 61,945

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

	Six months ended	
Lease Costs	**2022**	**2021**
Operating lease cost	$ 1,452	$ 1,448
Finance lease cost		
Amortization of lease assets	587	201
Interest on lease liabilities	1,990	911
Finance lease cost	$ 2,577	$ 1,112
Total lease cost	$ 4,029	$ 2,560

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

	June 30, 2022
Lease term and discount rate	
Weighted average remaining lease term (years)	
Operating lease	5.0
Finance lease	48.9
Weighted average discount rate	
Operating lease	6.1 %
Finance lease	9.4 %

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

	Six Months Ended June 30,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,494	$ 724
Operating cash flows from finance leases	$ —	$ —
Financing cash flows from finance leases	$ 2,668	$ —

The table below presents a maturity analysis of our lease liability on an undiscounted basis and reconciles those amounts to the present value of the lease liability as of June 30, 2022 (in thousands):

	Operating	Finance
2022	$ 1,614	$ 2,055
2023	3,316	4,111
2024	3,359	4,111
2025	3,401	4,111
2026	3,423	4,111
After 2026	1,633	182,222
Total lease payments	$ 16,746	$ 200,721
Less: discount	2,362	150,551
Present value of lease liability	$ 14,384	$ 50,170

NOTE 15 — ADDITIONAL CASH FLOW INFORMATION

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

	Six Months Ended June 30,	
	2022	2021
Accounts receivable	$ (22,705)	$ 398
Prepaid expenses and other current assets [1]	(11,454)	(350)
Accounts payable	2,271	2,048
Accounts payable due to related parties	—	(910)
Accrued liabilities [1]	(12,585)	14,439
Other, net	801	(746)
Net changes in working capital	$ (43,672)	$ 14,879

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

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

	Six Months Ended June 30,	
	2022	2021
Non-cash accruals of property, plant and equipment and other non-current assets	$ (3,551)	$ 5,367
Non-cash settlement of withholding taxes associated with the 2019 bonus and vesting of certain awards	—	2,990
Non-cash settlement of the 2019 bonus	—	5,430

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

	Six Months Ended June 30,	
	2022	2021
Cash and cash equivalents	$ 823,522	$ 111,858
Current restricted cash	3,000	—
Non-current restricted cash	24,882	—
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$ 851,404	$ 111,858

NOTE 16 — DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION

During the quarter ended June 30, 2022, the Company commenced construction of the Driftwood terminal under the Phase 1 EPC Agreement with Bechtel while continuing to increase its natural gas presence in the Haynesville Shale basin in northern Louisiana and expanding its natural gas marketing activities. The Company's Chief operating decision maker ("CODM") determined to place additional emphasis and visibility on operating cash flows generated by our upstream and natural gas marketing business activities. Consequently, we identified the Upstream, Midstream and Marketing & Trading components as the Company's operating segments.

These functions have been defined as the operating segments of the Company because (1) they are engaged in business activities from which revenues are recognized and expenses are incurred, (2) their operating results are regularly reviewed by the Company's CODM to make decisions about resources to be allocated to the segment and to assess its performance, and (3) they are segments for which discrete financial information is available.

Factors used to identify these operating segments are based on the nature of the business activities that are undertaken by each component. The Upstream segment is organized and operates to produce natural gas. The Midstream segment is organized to develop, construct and operate LNG terminals and pipelines. The Marketing & Trading segment is organized and operates to purchase and sell natural gas, market the Driftwood terminal's LNG production capacity and trade LNG. These operating segments represent the Company's reportable segments. The Company's CODM does not currently assess segment performance or allocate resources based on a measure of total assets. Accordingly, a total asset measure has not been provided for segment disclosure.

The remainder of our business is presented as "Corporate," and consists of corporate costs and intersegment eliminations.

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

Three Months Ended June 30, 2021	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ —	$ —	$ 25,354	$ —	$ 25,354
Intersegment revenues (purchases) [2]	5,578	—	(5,578)	—	—
Segment operating profit (loss) [3]	(6,310)	(10,740)	(8,876)	(3,209)	(29,135)
Interest expense, net	(382)	(456)	—	9	(829)
Gain (loss) on extinguishment of debt	(152)	—	—	—	(152)
Other income (loss), net	(548)	—	—	66	(482)
Consolidated loss before tax					$ (30,598)

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

Six Months Ended June 30, 2021	Upstream	Midstream	Marketing & Trading	Corporate	Consolidated
Revenues from external customers [1]	$ —	$ —	$ 34,060	$ —	$ 34,060
Intersegment revenues (purchases) [2]	14,274	—	(14,274)	—	—
Segment operating loss [3]	(8,034)	(16,013)	(12,712)	(11,980)	(48,739)
Interest expense, net	(1,635)	(2,730)	—	(2,356)	(6,721)
Gain (loss) on extinguishment of debt	(665)	2,087	—	—	1,422
Other (loss) income, net	(1,202)	(2,493)	—	150	(3,545)
Consolidated loss before tax					$ (57,583)

[1] The Company's Marketing & Trading operating segment purchases and sells all of the Company's Upstream natural gas production to third party-purchasers. Intersegment revenues are eliminated at consolidation.

[2] Intersegment revenues related to our Marketing & Trading operating segment are a result of intersegment revenues and cost allocations using a cost plus transfer pricing methodology. Intersegment revenues are eliminated at consolidation.

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

	Six months ended June 30,	
Capital expenditures	**2022**	**2021**
Upstream	$ 66,500	$ 6,139
Midstream	86,150	611
Marketing & Trading	—	—
Total capital expenditures for reportable segments	152,650	6,750
Corporate capital expenditures	—	—
Consolidated capital expenditures	$ 152,650	$ 6,750

NOTE 17 — SUBSEQUENT EVENTS

Asset Acquisition

On July 13, 2022, the Company entered into a purchase and sale agreement for the acquisition of certain natural gas assets in the Haynesville Shale for $125 million in cash subject to customary adjustments upon closing and an additional contingent cash payment of $7.5 million based on future natural gas prices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

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

- Our Business
- Overview of Significant Events
- Liquidity and Capital Resources
- Capital Development Activities
- Results of Operations
- Recent Accounting Standards

Our Business

Tellurian Inc. ("Tellurian," "we," "us," "our," or the "Company"), a Delaware corporation, is a Houston-based company that is developing and plans to operate a portfolio of natural gas, LNG marketing, and infrastructure assets that includes an LNG terminal facility (the "Driftwood terminal"), an associated pipeline (the "Driftwood pipeline"), other related pipelines, and upstream natural gas assets (collectively referred to as the "Business"). The Driftwood terminal and the Driftwood pipeline are collectively referred to as the "Driftwood Project." As of June 30, 2022, our existing natural gas assets consisted of 14,876 net acres and interests in 84 producing wells located in the Haynesville Shale trend of northern Louisiana. Our Business may be developed in phases.

As part of our execution strategy, which includes increasing our asset base, we will consider various commercial arrangements with third parties across the natural gas value chain. We are also pursuing activities such as direct sales of LNG to global counterparties, trading of LNG, the acquisition of additional upstream acreage and drilling of new wells on our existing or newly acquired upstream acreage. We are currently focused on the financing and construction of the Driftwood terminal and continuing to expand our upstream activities.

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

Overview of Significant Events

Limited Notice to Proceed

On March 24, 2022, the Company issued a limited notice to proceed to Bechtel Energy Inc., formerly known as Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel"), under our LSTK EPC agreement for Phase 1 of the Driftwood terminal dated as of November 10, 2017 (the "Phase 1 EPC Agreement"). The Company commenced construction of Phase 1 of the Driftwood terminal on April 4, 2022.

Senior Secured Convertible Notes due 2025

On June 3, 2022, we issued and sold $500.0 million aggregate principal amount of 6.00% Senior Secured Convertible Notes due May 1, 2025 (the "Convertible Notes"). Net proceeds from the Convertible Notes were approximately $488.7 million after deducting fees and expenses.

Liquidity and Capital Resources

Capital Resources

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. We are currently funding our operations, development activities and general working capital needs through our cash on hand and cash generated from our upstream natural gas sales. Our current capital resources consist of approximately $823.5 million of cash and cash equivalents as of June 30, 2022. We currently maintain at-the-market debt and equity offering programs pursuant to which we sell our Senior Notes and common stock from time to time. As of the date of this filing, we have remaining availability to raise aggregate gross sales proceeds of approximately $522.6 million under these programs.

As of June 30, 2022, we had total indebtedness of approximately $557.7 million, of which approximately $166.7 million is subject to redemption at the sole discretion of holders of the Senior Secured Convertible Notes due 2025 within the next twelve months. We also had contractual obligations associated with our finance and operating leases totaling approximately $217.5 million, of which approximately $7.4 million is scheduled to be paid within the next twelve months.

The Company has sufficient cash on hand and available liquidity to satisfy its obligations and fund its working capital needs for at least twelve months following the date of issuance of the consolidated financial statements. The Company has the ability to generate additional proceeds from various other potential financing transactions. We are currently focused on the financing and construction of the Driftwood terminal and continuing to expand our upstream activities.

Sources and Uses of Cash

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

	Six Months Ended June 30,	
	2022	2021
Cash used in operating activities	$ (83,498)	$ (30,954)
Cash used in investing activities	(158,739)	(6,750)
Cash provided by financing activities	786,367	67,824
Net increase in cash, cash equivalents and restricted cash	544,130	30,120
Cash, cash equivalents and restricted cash, beginning of the period	307,274	81,738
Cash, cash equivalents and restricted cash, end of the period	$ 851,404	$ 111,858
Net working capital	$ 639,766	$ 61,398

Cash used in operating activities for the six months ended June 30, 2022 increased by approximately $52.5 million due to an overall increase in disbursements in the normal course of business. The increase was partially offset by an approximately $22.7 million increase in accounts receivable for the six months ended June 30, 2022 due to the positive impact of increased natural gas prices and production volumes, as compared to the same period in 2021.

Cash used in investing activities for the six months ended June 30, 2022 increased by approximately $152.0 million compared to the same period in 2021 primarily related to increased natural gas development activities of approximately $66.5 million, Driftwood Project construction costs of approximately $68.7 million, Driftwood Project land purchases and land improvements of approximately $17.4 million, and an investment of approximately $6.1 million in an unconsolidated entity, as compared to the same period in 2021.

Cash provided by financing activities for the six months ended June 30, 2022 increased by approximately $718.5 million compared to the same period in 2021. This increase is primarily due to approximately $489.7 million in net proceeds from borrowing issuances in the current period, as compared to approximately $119.7 million in principal repayments of borrowings in the prior period. The increase is also due to approximately $299.7 million in net proceeds from equity issuances as compared to approximately $182.4 million in the prior period.

Borrowings

As of June 30, 2022, we had total indebtedness of approximately $557.7 million. See Note 8, *Borrowings*, for further information.

Capital Development Activities

The activities we have proposed will require significant amounts of capital and are subject to risks and delays in completion. We have received all regulatory approvals for the construction of Phase 1 of the Driftwood terminal and, as a result, our business success will depend, to a significant extent upon our ability to obtain the funding necessary to construct assets on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process. We initiated certain owner construction activities necessary to proceed under the Phase 1 EPC Agreement with Bechtel and increased our upstream development activities. In March 2022, we issued a limited notice to proceed to Bechtel under our Phase 1 EPC Agreement and commenced the construction of Phase 1 of the Driftwood terminal in April 2022.

We currently estimate the total cost of the Driftwood Project as well as related pipelines and upstream natural gas assets to be approximately $25.0 billion, including owners' costs, transaction costs and contingencies but excluding interest costs incurred during construction and other financing costs. The proposed Driftwood terminal will have a liquefaction capacity of up to approximately 27.6 Mtpa and will be situated on approximately 1,200 acres in Calcasieu Parish, Louisiana. The proposed Driftwood terminal will include up to 20 liquefaction Trains, three full containment LNG storage tanks and three marine berths.

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

We anticipate funding our more immediate liquidity requirements relative to the commencement of construction of the Driftwood terminal, natural gas activities, and general and administrative expenses through the use of cash on hand, proceeds from operations, and proceeds from completed and future issuances of securities by us. Investments in the construction of the Driftwood terminal and natural gas development may be significant in 2022, but the size of those investments will depend on, among other things, commodity prices, Driftwood Project financing developments and other liquidity considerations, and our continuing analysis of strategic risks and opportunities. Consistent with our overall financing strategy, the Company has considered, and in some cases discussed with investors, various potential financing transactions, including issuances of debt, equity and equity-linked securities or similar transactions, to support its short- and medium-term capital requirements. The Company will continue to evaluate its cash needs and business outlook, and it may execute one or more transactions of this type in the future.

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Natural gas sales	$ 61,350	$ 5,578	$ 87,339	$ 14,284
LNG sales	—	19,776	120,951	19,776
Total revenues	61,350	25,354	$ 208,290	34,060
LNG cost of sales	—	22,847	131,663	22,847
Operating expenses	5,943	2,520	10,108	4,926
Development expenses	17,687	9,363	35,352	17,504
Depreciation, depletion and amortization	5,854	2,333	9,875	4,985
General and administrative expenses	23,514	17,426	55,839	32,537
Income (loss) from operations	8,352	(29,135)	(34,547)	(48,739)
Interest expense, net	(4,566)	(829)	(6,846)	(6,721)
(Loss) gain on extinguishment of debt, net	—	(152)	—	1,422
Other expense, net	(3,821)	(482)	(25,249)	(3,545)
Income tax benefit	—	—	—	—
Net loss	$ (35)	$ (30,598)	$ (66,642)	$ (57,583)

The most significant changes affecting our results of operations for the three months ended June 30, 2022 compared to the same period in 2021, on a consolidated basis and by segment, are the following:

Upstream

- Increase of approximately $55.8 million in Natural gas sales as a result of increased realized natural gas prices and increased production volumes attributable to newly drilled and completed wells during the second quarter of 2022.
- Increase of approximately $3.5 million in Operating expenses as a result of increased production volumes attributable to newly drilled and completed wells during the second quarter of 2022.
- Increase of approximately $3.5 million in DD&A primarily attributable to a higher net book value utilized in the calculation of DD&A due to increased capital expenditures and production volumes during the current period.

Marketing & Trading

- Decreases of approximately $19.8 million and approximately $22.8 million in LNG sales and LNG cost of sales, respectively, as a result of the sale of an LNG cargo during the three months ended June 30, 2021.

Midstream

- Increase of approximately $8.3 million in Development expenses primarily attributable to approximately $6.2 million in the cost of land and roads donated for public use in the state of Louisiana and an approximately $2.0 million increase in technical and engineering services associated with pipeline development activities.

Primarily as a result of the foregoing, our consolidated Net loss was approximately $35.0 thousand for the three months ended June 30, 2022, compared to a Net loss of approximately $30.6 million during the same period in 2021.

The most significant changes affecting our results of operations for the six months ended June 30, 2022 compared to the same period in 2021, on a consolidated basis and by segment, are the following:

Upstream

- Increase of approximately $73.1 million in Natural gas sales as a result of increased realized natural gas prices and increased production volumes attributable to newly drilled and completed wells during the six months ended June 30, 2022.
- Increase of approximately $5.1 million in Operating expenses as a result of increased production volumes attributable to newly drilled and completed wells during the second quarter of 2022.
- Increase of approximately $4.9 million in DD&A primarily attributable to a higher net book value utilized in the calculation of DD&A due to increased capital expenditures and production volumes during the current period.

Marketing & Trading

- Increases of approximately $101.2 million and approximately $108.8 million in LNG sales and LNG cost of sales, respectively, as a result of increased realized sales and purchase prices of an LNG cargo sold during the first quarter of 2022, as compared to the realized price of an LNG cargo sold during the second quarter of 2021.
- Increase of approximately $21.7 million in Other expense, net primarily attributable to an approximately $13.5 million unrealized loss on financial instruments due to changes in the fair value of the Company’s derivative instruments during the current period and approximately $11.3 million of realized loss on the settlement of natural gas financial instruments, as compared to the same period in 2021. The losses on financial instruments were partially offset by approximately $3.5 million of realized gain on the settlements of LNG financial instruments in the current period.

Midstream

- Increase of approximately $17.8 million in Development expenses primarily attributable to approximately $6.2 million in the cost of land and roads donated for public use in the state of Louisiana, an approximately $2.2 million increase in technical and engineering services associated with pipeline development activities, and an approximately $9.4 million increase in compensation expenses and other development expenses associated with the Driftwood Project.

Consolidated

- Increase of approximately $23.3 million in General and administrative expenses primarily attributable to activities in the normal course of business.

Primarily as a result of the foregoing, our consolidated Net loss was approximately $66.6 million for the six months ended June 30, 2022, compared to a Net loss of approximately $57.6 million during the same period in 2021.

Recent Accounting Standards

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

Critical Accounting Estimates

There were no changes made by management to the critical accounting policies in the three months ended June 30, 2022. Please refer to the Summary of Critical Accounting Estimates section within Management’s Discussion and Analysis and Note 2 to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2021 for a discussion of our critical accounting estimates and accounting policies.

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 June 30, 2022. Based on that evaluation, these officers have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. There were no changes during our last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, except for the risk factors discussed below.

If the conditions precedent to any of our LNG sale and purchase agreements (the “LNG SPAs”) cannot be satisfied or extended on acceptable terms, or at all, such LNG SPAs may be terminated.

In 2021, Driftwood LNG LLC (“Driftwood LNG”) entered into an LNG SPA with each of Vitol Inc. (“Vitol”) and Gunvor Singapore Pte Ltd (“Gunvor”) and two LNG SPAs with Shell NA LLC (“Shell”). Conditions precedent to each party’s obligation to consummate the transactions contemplated by each LNG SPA include (i) Driftwood LNG having issued to Bechtel Oil, Gas and Chemicals, Inc. an unconditional full notice to proceed for the construction of the first two plants of the Driftwood terminal and (ii) Driftwood LNG or an affiliate thereof having secured the necessary financing arrangements to construct such plants and having achieved financial close under such arrangements. The LNG SPAs with Vitol and Shell have a conditions precedent deadline of July 31, 2022, and the LNG SPA with Gunvor has a conditions precedent deadline of December 31, 2022. If the conditions precedent to the applicable LNG SPA are not satisfied by such conditions precedent deadline, either party to the SPA can terminate such SPA, subject to each SPA’s notice requirements. There can be no assurance that we will be able to satisfy or extend the conditions precedent deadlines on acceptable terms, or at all. The termination of any LNG SPAs could negatively affect our ability to secure additional equity and/or debt financing to complete the Driftwood Project on acceptable terms, or at all.

If completed, our proposed Acquisition (as defined below) may not achieve its intended results and may result in us assuming unanticipated liabilities. To date, we have conducted only limited diligence regarding the assets and liabilities we would assume in the Acquisition.

On July 13, 2022, we entered into a purchase and sale agreement (the “Acquisition Agreement”) pursuant to which we expect to acquire certain natural gas assets in the Haynesville Shale for $125 million in cash, subject to customary closing conditions and purchase price adjustments (the “Acquisition”), with the expectation that the Acquisition would result in various benefits, growth opportunities and synergies. Achieving the anticipated benefits of the Acquisition is subject to a number of risks and uncertainties. For example, under the Acquisition Agreement, we have the opportunity to conduct customary environmental and title due diligence following the execution of the agreement, but our diligence efforts to date have been limited. As a result, we may discover title defects or adverse environmental or other conditions of which we are currently unaware. Environmental, title and other problems could reduce the value of the properties to us, and, depending on the circumstances, we could have limited or no recourse with respect to those problems. We would assume substantially all of the liabilities associated with the acquired properties and would be entitled to indemnification in connection with those liabilities in only limited circumstances and in limited amounts. We cannot assure you that such potential remedies will be adequate for any liabilities we incur, and such liabilities could be significant. In addition, certain of the properties to be acquired are subject to consents to assign and preference rights. If all applicable waivers cannot be obtained, we may not be able to acquire certain properties as originally contemplated and our expected benefits of the acquisition may be adversely affected. Also, it is uncertain whether our existing operations and the acquired properties and assets can be integrated in an efficient and effective manner.

As with other acquisitions, the success of the Acquisition depends on, among other things, the accuracy of our assessment of the reserves and drilling locations associated with the acquired properties, future commodity prices and operating costs and various other factors. These assessments are necessarily inexact. As a result, we may not recover the purchase price for the Acquisition from the sale of production from the properties or recognize acceptable rates of return from such sales.

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

Recent Sales of Unregistered Securities

None that occurred during the three months ended June 30, 2022.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None that occurred during the three months ended June 30, 2022.

ITEM 5. OTHER INFORMATION

LNG SPAs

On August 1, 2022, Driftwood LNG entered into an amendment (the “Shell Amendment”) to the two previously announced LNG SPAs with Shell NA LNG LLC (“Shell”) dated July 29, 2021. Among other things, the Shell Amendment amended the LNG SPAs with Shell to provide that (i) either party may terminate either LNG SPA immediately (whereas the LNG SPAs had previously provided that such a termination required 45 days’ notice) and (ii) Driftwood LNG must provide Shell with five days’ prior written notice of the date that all of the conditions precedent are satisfied. The foregoing description of the Shell Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Shell Amendment, which is attached as Exhibit 10.6 to this report and incorporated herein by reference.

On August 2, 2022, Driftwood LNG entered into an amendment (the “Vitol Amendment”) to the previously announced LNG SPA with Vitol Inc. (“Vitol”) dated June 2, 2021. Among other things, the Vitol Amendment amended the LNG SPA with Vitol to provide that Driftwood LNG must provide Vitol with five days’ prior written notice of the date that all of the conditions precedent are satisfied. The foregoing description of the Vitol Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Vitol Amendment, which is attached as Exhibit 10.7 to this report and incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit No.	Description
1.1	Amendment to Distribution Agreement, dated as of April 7, 2022, by and between Tellurian Inc. and T.R. Winston & Company, LLC (incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K filed on April 7, 2022)
1.2	Placement Agent Agreement, dated as of June 1, 2022, by and between Tellurian Inc. and Roth Capital Partners, LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on June 3, 2022)
1.3	Placement Agent Agreement, dated as of June 1, 2022, by and between Tellurian Inc. and Citigroup Global Markets Inc. (incorporated by reference to Exhibit 1.2 to the Company's Current Report on Form 8-K filed on June 3, 2022)
4.1	Indenture, dated as of June 3, 2022, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 3, 2022)
4.2	First Supplemental Indenture, dated as of June 3, 2022, by and among Tellurian Inc., as issuer, Wilmington Trust, National Association, as trustee, and the collateral agent named therein, relating to the 6.00% Senior Secured Convertible Notes due 2025 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on June 3, 2022)
4.3*	Second Supplemental Indenture, dated as of July 18, 2022, by and between Tellurian Inc., as issuer, and Wilmington Trust, National Association, as trustee, relating to the 6.00% Senior Secured Convertible Notes due 2025
4.4	Form of 6.00% Senior Secured Convertible Note due 2025 (included as Exhibit A to Exhibit 4.2)
10.1†‡	Retirement Agreement and General Release, dated as of May 13, 2022, by and between Tellurian Inc. and R. Keith Teague (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 16, 2022)
10.2†‡	Consulting Agreement, dated as of May 13, 2022, by and between Tellurian Inc. and R. Keith Teague (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 16, 2022)
10.3‡	Securities Purchase Agreement, dated as of June 1, 2022, by and between Tellurian Inc. and the investor named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 3, 2022)
10.4††‡	Purchase and Sale Agreement, dated as of July 13, 2022, by and between Tellurian Production LLC, EnSight IV Energy Partners, LLC and EnSight Haynesville Partners, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 13, 2022)
10.5‡*	Change Order CO-009, dated as of July 15, 2022, to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Driftwood LNG Phase 1 Liquefaction Facility, dated as of November 10, 2017, by and between Driftwood LNG LLC and Bechtel Energy Inc. (formerly known as Bechtel Oil, Gas and Chemicals, Inc.)
10.6 *	Amendment No. 1, dated as of August 1, 2022, of LNG Sale and Purchase Agreements 1 & 2 by and between Driftwood LNG LLC and Shell NA LNG LLC
10.7 *	Amendment No. 1, dated as of August 2, 2022, of LNG Sale and Purchase Agreement by and between Driftwood LNG LLC and Vitol Inc.
31.1*	Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
31.2*	Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
32.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document

Exhibit No.	Description
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in Inline XBRL

*	Filed herewith.
**	Furnished herewith.
†	Management contract or compensatory plan or arrangement.
††	Portions of this exhibit have been omitted in accordance with Item 601(b)(2) or 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed. The registrant hereby agrees to furnish supplementally an unredacted copy of this exhibit to the Securities and Exchange Commission upon request.
‡	Certain schedules or similar attachments to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission upon request a copy of any omitted schedule or attachment to this exhibit.

SIGNATURES

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

		TELLURIAN INC.	
Date:	August 3, 2022	By:	/s/ L. Kian Granmayeh L. Kian Granmayeh Chief Financial Officer (as Principal Financial Officer) Tellurian Inc.
Date:	August 3, 2022	By:	/s/ Khaled A. Sharafeldin Khaled A. Sharafeldin Chief Accounting Officer (as Principal Accounting Officer) Tellurian Inc.

Exhibit 4.3

TELLURIAN INC.

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Trustee

SECOND SUPPLEMENTAL INDENTURE

Dated as of July 18, 2022

6.00% Senior Secured Convertible Notes due 2025

This SECOND SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**"), dated as of July 18, 2022, is entered into by and among Tellurian Inc., a Delaware corporation, as issuer (the "**Company**"), and Wilmington Trust, National Association, as trustee (the "**Trustee**").

RECITALS

WHEREAS, the Company and the Trustee entered into a Base Indenture, dated as of June 3, 2022 (the "**Base Indenture**" and the Base Indenture as supplemented by that First Supplemental Indenture, dated as of June 3, 2022 (the "**First Supplemental Indenture**"), among the Company, the Trustee and Tech Opportunities LLC, as the collateral agent, and as further amended or supplemented, the "**Indenture**"; capitalized terms used in this Supplemental Indenture without definition have the respective meanings ascribed to them in the Indenture), pursuant to which the Company has issued $500,000,000 in aggregate principal amount of 6.00% Senior Secured Convertible Notes due 2025 on the terms set forth in the First Supplemental Indenture;

WHEREAS, Section 8.01(A) of the First Supplemental Indenture provides, among other things, that without the consent of the Holders, the Company and the Trustee may amend the Indenture to cure any ambiguity or correct any omission, defect or inconsistency in the Indenture; and

WHEREAS, the Company has identified an omission, defect or inconsistency in Clause (N) of the definition of "Permitted Liens".

NOW THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Company and the Trustee agree:

ARTICLE 1

AMENDMENTS TO ARTICLE 1—DEFINITIONS

SECTION 1.01. Clause (N) of the definition of "Permitted Liens" in Section 1.01 of the Indenture is hereby amended and restated in its entirety to read as follows:

"(N) a Lien securing Indebtedness permitted under clause (C) of the definition of "Permitted Indebtedness", provided that the assets securing such Liens are assets or equity of a Driftwood Company;"

ARTICLE 2 EFFECTIVENESS

SECTION 2.01. Except as amended hereby, all of the terms of the Indenture shall remain and continue in full force and effect and are hereby confirmed in all respects. From and after the date of this Supplemental Indenture, all references to the Indenture (whether in the Indenture or in any other agreements, documents or instruments) shall be deemed to be references to the Indenture as amended and supplemented by this Supplemental Indenture and every Holder shall be bound hereby.

SECTION 2.02. This Supplemental Indenture shall become effective as a binding agreement immediately upon its execution and delivery by each of the Company and the Trustee.

ARTICLE 3 MISCELLANEOUS

SECTION 3.01. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. The terms and conditions of this Supplemental Indenture shall be deemed to be incorporated in and made a part of the terms and conditions of the Indenture for any and all purposes, and all the terms and conditions of both shall be read, taken and construed together as though they constitute one and the same instrument, except that in the case of conflict, the provisions of this Supplemental Indenture will control.

SECTION 3.02. All agreements in this Supplemental Indenture by the Company or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

SECTION 3.03. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 3.04. This Supplemental Indenture may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. Any signature to this Agreement may be delivered by facsimile, electronic mail (including pdf) or any electronic signature complying with the U.S. federal ESIGN Act of 2000 or the New York Electronic Signature and Records Act or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law. Each party hereto accepts the foregoing and any document received in accordance with this Section 3.04 shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 3.05. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee, whether or not elsewhere herein so provided. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture other than as to the validity of its execution and delivery by the Trustee. The Trustee assumes no responsibility for the correctness of the recitals contained herein, which shall be taken as a statement of the Company.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first written above.

COMPANY:

TELLURIAN INC.

By: /s/ Kian Granmayeh
Name: Kian Granmayeh
Title: Executive Vice President and Chief Financial Officer

WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE

By: /s/ Hailey E. Field
Name: Hailey E. Field
Title: Vice President

Exhibit 10.5

CHANGE ORDER

PROJECT NAME: Driftwood LNG Phase 1

OWNER: Driftwood LNG LLC

CONTRACTOR: Bechtel Energy Inc.

CHANGE ORDER NUMBER: CO-009

DATE OF AGREEMENT: 10 November 2017

DATE OF CHANGE ORDER: July___, 2022

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

Per Section 6.1B of the Phase 1 EPC Agreement, the Parties agree to modify the Agreement as detailed below:

1. **LIMITED NOTICE TO PROCEED NO. 1**
    1. **Scope Adjustments**

        None.
    2. **EPC Agreement Terms Modifications**

        The Parties agree that the definition of "LNTP Site" in Section III(A) of CO-007 is modified by deleting Exhibit A to CO-007 in its entirety and replacing it with Exhibit A to this CO-009.
    3. **Commercial Impacts**

        None.

2. **CONTRACT PRICE ADJUSTMENTS**
    1. **Scope Adjustments**

        None.
    2. **EPC Agreement Terms Modifications**

        None.
    3. **Commercial Impacts**

        None.

Adjustment to Contract Price
The original Contract Price was USD 7,240,314,232 EUR 375,344,119

Net change by previously authorized Change Orders (# CO-008) USD 790,755,313 EUR 78,239,751

The Contract Price prior to this Change Order was USD 8,031,069,545 EUR 453,583,870

The Contract Price will be (~~increased~~) ~~(decreased)~~ unchanged
by this Change Order in the amount of USD 0 EUR 0

The new Contract Price including this Change Order will be USD 8,031,069,545 EUR 453,583,870

The Aggregate Provisional Sum prior to this Change Order was USD 539,468,636 EUR 0

The Aggregate Provisional Sum will be increased
by this Change Order in the amount of USD 0 EUR 0

The new Aggregate Provisional Sum
including this Change Order will be USD 539,468,636 EUR 0

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

Select either A or B:

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

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

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

/s/ [redacted]	/s/ [redacted]
Owner	Contractor
[redacted]	[redacted]
Name	Name
[redacted]	[redacted]
Title	Title
________	________
Date of Signing	Date of Signing

AMENDMENT No. 1 of LNG SALE AND PURCHASE AGREEMENTS 1 & 2

THIS AMENDMENT NO. 1 OF LNG SALE AND PURCHASE AGREEMENT 1 and LNG SALE AND PURCHASE AGREEMENT 2 (this "**Amendment**"), dated August 1, 2022, is hereby entered into by and between Driftwood LNG LLC, a limited liability company incorporated under the laws of Delaware whose principal place of business is located at 1201 Louisiana Street, Suite 3100, Houston, TX 77002 (USA) ("**Seller**"), and Shell NA LNG LLC, a limited liability company incorporated under the laws of Delaware whose principal place of business is located at 1000 Main St., Level 12, Houston, TX 77002 ("**Buyer**"). Buyer and Seller are each referred to herein as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the Parties entered into certain LNG Sale and Purchase Agreement 1 and LNG Sale and Purchase Agreement 2, each dated July 29, 2021 (each an "**Agreement**" and together the "**Agreements**"); and

WHEREAS, the Parties desire to amend the Agreements in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements made herein, the Parties, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. **Definitions**. Capitalized terms used but not defined herein shall have the meaning provided in the Agreements.

2. **Amendments**.

1. Parties agree to amend Section 2.3.4 (Conditions Precedent) of each Agreement to update a reference in the last sentence, so that Section 2.3.4 reads as follows:

"**2.3.4** If either Condition Precedent has been neither satisfied nor waived by the CP Deadline (as such CP Deadline may be revised pursuant to Section 2.3.3), then at any time after such CP Deadline either Party may give to the other Party a notice of termination of this Agreement. Such notice of termination shall be effective in accordance with Section 19.3.3 if either Condition Precedent remains neither satisfied nor waived prior to the applicable termination date.

2. Parties agree to amend each Agreement to insert a new Section 2.3.5 in each Agreement, as follows:

"**2.3.5** Seller shall give Buyer five (5) Day prior written notice of Seller's estimation of the start of a 5-Day window in which the CP Fulfillment Date is likely to occur ("**5-Day Window**"), provided that in no event the CP Fulfillment Date shall occur prior to the start of the 5-Day Window. Seller may revise such notice, one or more times, by written notice, provided that such revision may only postpone the 5-Day Window. In the event Seller is in breach of this Section 2.3.5, this shall be a Termination Event under Section 19.2.15 and Buyer may elect to give Seller a notice of termination of this Agreement under Section 19.3.3 within five (5) Days of becoming aware of such breach."

3. Parties agree to amend the Agreement to insert a new Section 19.2.15 as follows:
"**19.2.15** in respect of Buyer, in accordance with Section 2.3.5."

4. Parties agree to amend Section 19.3.3 (Termination) of each Agreement to insert a reference to Section 19.2.4 and 19.2.15, so that Section 19.3.3 reads as follows:

"**19.3.3** Certain Events. Upon the occurrence of a Termination Event described in Section 19.2.1, 19.2.3, 19.2.4, 19.2.5, 19.2.6, 19.2.7, 19.2.8, 19.2.9, 19.2.10, 19.2.11, 19.2.12 or 19.2.15, the Terminating Party's notice pursuant to Section 19.3.1 shall terminate this Agreement immediately."

3. Miscellaneous.

a. Force and Effect. All provisions of the Agreements not specifically amended hereby shall remain in full force and effect.

b. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York (United States of America) without regard to principles of conflict of laws that would specify the use of other laws.

c. Confidentiality; Dispute Resolution; Immunity. The provisions of Section 18 (*Confidentiality*), Section 20.1 (*Dispute Resolution*), Section 20.4 (*Immunity*) and Section 20.5 (*Waiver of Jury Trial*) of the Agreements shall apply in this Amendment as if incorporated herein *mutatis mutandis* on the basis that references therein to the applicable Agreement are to this Amendment.

d. Entire Agreement. Each Agreement, as amended by this Amendment, constitutes the entire agreement between the Parties, and includes all promises and representations, express or implied, and supersedes all other prior agreements and representations, written or oral, between the Parties relating to the subject matter thereof.

e. Severability. If a court of competent jurisdiction or arbitral tribunal determines that any clause or provision of this Amendment is void, illegal, or unenforceable, the other clauses and provisions of the Amendment shall remain in full force and effect and the clauses and provisions which are determined to be void, illegal, or unenforceable shall be limited so that they shall remain in effect to the maximum extent permissible by law.

f. Counterparts. This Amendment may be executed by signing the original or a counterpart thereof (including by facsimile or email transmission). If this Amendment is executed in counterparts, all counterparts taken together shall have the same effect as if the undersigned parties hereto had signed the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed as of the date first written above.

SELLER:	**BUYER:**
Driftwood LNG LLC	Shell NA LNG LLC
/s/ [redacted]	/s/ [redacted]
Name: [redacted]	Name: [redacted]
Title: [redacted]	Title: [redacted]

[Signature Page to Amendment No. 1 of LNG Sale and Purchase Agreement]

Exhibit 10.7

AMENDMENT No. 1 of LNG SALE AND PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 OF LNG SALE AND PURCHASE AGREEMENT (this "**Amendment**"), dated August 2, 2022, is hereby entered into by and between Driftwood LNG LLC, a limited liability company incorporated under the laws of Delaware whose principal place of business is located at 1201 Louisiana Street, Suite 3100, Houston, TX 77002 (USA) ("**Seller**"), and Vitol Inc., a corporation incorporated under the laws of Delaware whose principal place of business is located at 2925 Richmond Avenue, 11th Floor, Houston, TX 77098 (USA) ("**Buyer**"). Buyer and Seller are each referred to herein as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the Parties entered into that certain LNG Sale and Purchase Agreement dated June 2, 2021 (the "**Agreement**"); and

WHEREAS, the Parties desire to amend the Agreement in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements made herein, the Parties, intending to be legally bound, hereby agree as follows:

AGREEMENT

1. **<u>Definitions</u>**. Capitalized terms used but not defined herein shall have the meaning provided in the Agreement.

2. **<u>Amendments</u>**.

1. The Parties agree to amend the Agreement to insert a new Section 2.3.6 as follows:

"**2.3.6** Seller shall give Buyer five (5) Days' prior written notice of Seller's estimation of the start of a 5-Day window in which the CP Fulfillment Date is likely to occur ("**5-Day Window**"), provided that in no event shall the CP Fulfillment Date occur prior to the start of the 5-Day Window. Seller may revise such notice, one or more times, by prior written notice, provided that such revision may only postpone the 5-Day Window and the 5-Day Window may only commence at least five (5) Days after Buyer's receipt of such revised notice. In the event Seller is in breach of this Section 2.3.6 (including but not limited to a failure to provide the notice required hereunder or if the CP Fulfillment Date occurs outside of the 5-Day Window), and notwithstanding the fact that the CP Fulfillment Date may have occurred, this shall be a Termination Event under Section 19.2.17 and Buyer may elect to give Seller a notice of termination of this Agreement under Section 19.3.3 within five (5) Days of becoming aware of such breach. For the avoidance of doubt, nothing in this Section 2.3.6 shall amend or otherwise effect Buyer's rights and remedies provided elsewhere under this Agreement, including but not limited to its termination rights under Section 2.3.4."

2. Parties agree to amend the Agreement to insert a new Section 19.2.17 as follows:
"**19.2.17** in respect of Buyer, in accordance with Section 2.3.6."

3. Parties agree to amend Section 19.3.3 (Termination) of the Agreement to insert a reference to Section 19.2.17, so that Section 19.3.3 reads as follows:

"**19.3.3** <u>Certain Events</u>. Upon the occurrence of a Termination Event described in Sections 19.2.1, 19.2.3, 19.2.4, 19.2.5, 19.2.6, 19.2.7, 19.2.8, 19.2.9, 19.2.10, 19.2.11, 19.2.12, 19.2.13, 19.2.16 or 19.2.17, the Terminating Party's notice pursuant to Section 19.3.1 shall terminate this Agreement immediately."

3. Miscellaneous.

a. Force and Effect. All provisions of the Agreement not specifically amended hereby shall remain in full force and effect.

b. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York (United States of America) without regard to principles of conflict of laws that would specify the use of other laws.

c. Confidentiality; Dispute Resolution; Immunity. The provisions of Section 18 (*Confidentiality*), Section 20.1 (*Dispute Resolution*), and Section 20.4 (*Immunity*) of the Agreement shall apply in this Amendment as if incorporated herein *mutatis mutandis* on the basis that references therein to the Agreement are to this Amendment.

d. Entire Agreement. Each Agreement, as amended by this Amendment, constitutes the entire agreement between the Parties, and includes all promises and representations, express or implied, and supersedes all other prior agreements and representations, written or oral, between the Parties relating to the subject matter thereof.

e. Severability. If a court of competent jurisdiction or arbitral tribunal determines that any clause or provision of this Amendment is void, illegal, or unenforceable, the other clauses and provisions of the Amendment shall remain in full force and effect and the clauses and provisions which are determined to be void, illegal, or unenforceable shall be limited so that they shall remain in effect to the maximum extent permissible by law.

f. Counterparts. This Amendment may be executed by signing the original or a counterpart thereof (including by facsimile or email transmission). If this Amendment is executed in counterparts, all counterparts taken together shall have the same effect as if the undersigned parties hereto had signed the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the Parties has caused this Amendment to be executed as of the date first written above.

SELLER:	**BUYER:**
Driftwood LNG LLC	Vitol Inc.
/s/ [redacted]	/s/ [redacted]
Name: [redacted]	Name: [redacted]
Title: [redacted]	Title: [redacted]

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

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

I, Octávio M.C. Simões, certify that:

1. I have reviewed this 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: August 3, 2022

/s/ Octávio M.C. Simões

Octávio M.C. Simões
Chief Executive Officer
(as Principal Executive Officer)
Tellurian Inc.

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

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

I, L. Kian Granmayeh, certify that:

1. I have reviewed this 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: August 3, 2022

/s/ L. Kian Granmayeh

L. Kian Granmayeh
Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.

Exhibit 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

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

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Tellurian Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Octávio M.C. Simões, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

Date: August 3, 2022

/s/ Octávio M.C. Simões

Octávio M.C. Simões
Chief Executive Officer
(as Principal Executive Officer)
Tellurian Inc.

Exhibit 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

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

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Tellurian Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, L. Kian Granmayeh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

Date: August 3, 2022

/s/ L. Kian Granmayeh

L. Kian Granmayeh
Chief Financial Officer
(as Principal Financial Officer)
Tellurian Inc.