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

In re:	§	
	§	**Chapter 11**
ZACHRY HOLDINGS, INC., *et al.*[1]	§	
	§	**Case No. 24-90377 (MI)**
Debtors.	§	
	§	**(Jointly Administered)**
FLNG LIQUEFACTION, LLC; FLNG LIQUEFACTION 2, LLC; and FLNG LIQUEFACTION 3, LLC,	§	
	§	
***Plaintiffs*,**	§	
	§	**Adv. P. No. 24-03195**
V.	§	
	§	
CB&I, INC.; ZACHRY INDUSTRIAL, INC.; and CHIYODA INTERNATIONAL CORPORATION,	§	
	§	
***Defendants*.**	§	

DEFENDANT CHIYODA INTERNATIONAL CORPORATION'S ORIGINAL ANSWER TO PLAINTIFFS' FIRST AMENDED COMPLAINT
Ref. Adv. P. Doc. No. [60]

Defendant Chiyoda International Corporation ("CIC"), by its undersigned counsel, answers Plaintiffs' First Amended Complaint (Adv. P. Doc. No. 60, the "Amended Complaint") as follows:

[1] The debtors in these chapter 11 cases (the "Debtors"), along with the last four digits of each Debtor's federal tax identification number, may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/zhi. The Debtors' service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.

1. ADMISSIONS & DENIALS

I. Preliminary Statement

1. Paragraph 1 of the Amended Complaint contains Plaintiffs' preliminary statement to which no response is required. To the extent paragraph 1 of the Amended Complaint contains any allegations, CIC denies the allegations.

II. Parties

2. CIC admits the allegations in paragraph 2 of the Amended Complaint.

3. CIC admits the allegations in paragraph 3 of the Amended Complaint.

4. CIC admits the allegations in paragraph 4 of the Amended Complaint.

5. Upon information and belief, CB&I Inc. was converted into CB&I LLC. CIC admits that CB&I LLC is a Texas limited liability company with its principal place of business in Texas, which has been served with process and entered an appearance in this action.

6. CIC admits the allegations in paragraph 6 of the Amended Complaint.

7. CIC admits the allegations in paragraph 7 of the Amended Complaint.

III. Jurisdiction & Venue

8. CIC admits that the parties "irrevocably submit[ted] to the exclusive jurisdiction of any Federal court or Texas state court sitting in Houston, Texas in any Dispute arising under or relating to [the Train 3 EPC Contract]" and that venue is proper in this Court, as alleged in paragraph 8 of the Amended Complaint.

9. CIC admits the allegations in Paragraph 9 of the Amended Complaint.

10. CIC admits the Court has personal jurisdiction over CIC. Regarding the remaining legal statements in paragraph 10 of the Amended Complaint, no response is required. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a

belief about the truth of the remaining allegations in paragraph 10 of the Amended Complaint and therefore denies the same.

IV. Factual Background

A. Freeport LNG's Quintana Island Facility

11. CIC admits that Freeport LNG owns and operates an LNG facility located on Quintana Island near Freeport, Texas. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 11 of the Amended Complaint and therefore denies the same.

12. CIC admits that the LNG Facility was previously an LNG import and regasification facility. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 12 of the Amended Complaint and therefore denies the same.

13. CIC lacks sufficient knowledge or information to form a belief about the truth of paragraph 13 of the Amended Complaint and therefore denies the same.

14. CIC admits the allegations in paragraph 14 of the Amended Complaint.

15. CIC admits that the LNG Facility has three liquefaction trains that began operations in the months stated. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 15 of the Amended Complaint and therefore denies the same.

16. CIC admits that each liquefaction train uses three General Electric 75 MW motors that power three propane and mixed-refrigerant compressors. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 16 of the Amended Complaint and therefore denies the same.

B. The EPC Contracts

17. CIC admits the allegations in paragraph 17 of the Amended Complaint.

18. CIC admits the allegations in paragraph 18 of the Amended Complaint.

19. CIC lacks sufficient knowledge or information to form a belief about the truth of the allegations in paragraph 19 of the Amended Complaint and therefore denies the same.

20. CIC admits the allegations in paragraph 20 of the Amended Complaint.

21. CIC admits the allegations in paragraph 21 of the Amended Complaint.

22. CIC denies that it was selected "through a joint venture arrangement" to provide the referenced services. CIC admits the remaining allegations in paragraph 22 of the Amended Complaint.

23. As written, CIC denies paragraph 23. CIC admits that, on March 24, 2015, FLIQ3 entered into a Fixed Price Separated Turnkey Agreement with CB&I, Zachry, and Chiyoda for the Engineering, Procurement and Construction of the Freeport Train 3 Liquefaction Project.

24. CIC admits that the Train 1 and Train 2 EPC Contracts refer to CB&I and Zachry collectively as "Contractor," and CIC admits that the Train 3 EPC Contract refers to CB&I, Zachry, and Chiyoda collectively as "Contractor." CIC further admits that the EPC Contracts are similar, but CIC does not know what provisions Plaintiffs deem "pertinent" and therefore lacks sufficient knowledge or information to form a belief about the truth of the allegations regarding the alleged similarity of the EPC Contracts. Specifically, CIC admits it is a party to the Train 3 EPC Contract but denies that it is a party to either the Train 1 EPC Contract or Train 2 EPC Contract. And to the extent not specifically admitted in this Original Answer, CIC denies any allegations or legal characterizations contained in paragraph 24 of the Amended Complaint.

C. Defendants' Obligations Under the EPC Contracts

25. CIC admits the EPC Contracts govern the parties' performance and that the EPC Contracts speak for themselves. To the extent paragraph 25 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation. To the extent

any further response may be required, CIC denies the remaining allegations in paragraph 25 of the Amended Complaint.

26. CIC admits the quotation in paragraph 26 of the Amended Complaint accurately quotes a portion of Section 2.3 of the EPC Contracts, and that the contracts speak for themselves. CIC denies Plaintiffs' characterization of the contractual language and denies the remaining allegations of paragraph 26 of the Amended Complaint. To the extent paragraph 26 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

27. CIC admits the quotation in paragraph 27 of the Amended Complaint accurately quotes a portion of Section 2.5C of the EPC Contracts, omitting other portions of Section 2.5C. To the extent paragraph 27 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

28. CIC admits the quotation in paragraph 28 of the Amended Complaint accurately quotes a portion of Section 3.1A of the EPC Contracts, omitting other portions of Section 3.1A. To the extent paragraph 28 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

29. CIC admits the quotation in paragraph 29 of the Amended Complaint accurately quotes Section 3.1A of the EPC Contracts. To the extent paragraph 29 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

30. CIC admits the quotation in paragraph 30 of the Amended Complaint accurately quotes a portion of the definition of "Good Engineering and Construction Practices" of the EPC Contracts. To the extent paragraph 30 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

31. CIC admits the quotation in paragraph 31 of the Amended Complaint accurately quotes Section 3.2A of the EPC Contracts. CIC denies Plaintiffs' characterization of the contractual language and denies any remaining allegations of paragraph 31 of the Amended Complaint. To the extent paragraph 31 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

32. CIC admits the quotation in paragraph 32 of the Amended Complaint accurately quotes Section 3.2B of the EPC Contract. To the extent paragraph 32 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

33. CIC admits the quotation in paragraph 33 of the Amended Complaint accurately quotes Section 3.2D of the EPC Contracts, and that Section 3.18 of the EPC Contracts and Attachment EE relate to quality assurance. CIC denies the legal conclusions and characterization of the contractual language in paragraph 33 of the Amended Complaint. CIC denies any remaining allegations in paragraph 33 of the Amended Complaint. To the extent paragraph 33 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

34. CIC admits the quotation in paragraph 34 of the Amended Complaint accurately quotes Section 3.2R of the EPC Contracts. To the extent paragraph 34 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

35. CIC admits the quotation in paragraph 35 of the Amended Complaint accurately quotes Section 3.3A of the EPC Contracts. To the extent paragraph 35 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

36. CIC denies Plaintiffs' characterization of the contractual language and denies any remaining allegations of paragraph 36 of the Amended Complaint. The EPC Contracts speak for

themselves. To the extent paragraph 36 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

37. CIC admits the quotation in paragraph 37 of the Amended Complaint accurately quotes a portion of Section 3.3C(6) of the EPC Contracts, omitting other portions of Section 3.3C(6). To the extent paragraph 37 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

38. CIC admits the quotation in paragraph 38 of the Amended Complaint accurately quotes Section 3.3D of the EPC Contracts. To the extent paragraph 38 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

39. CIC admits the quotation in paragraph 39 of the Amended Complaint accurately quotes Section 8.2B of the EPC Contracts. CIC denies the legal conclusions and characterization of the contractual language in paragraph 39 of the Amended Complaint. CIC denies any remaining allegations in paragraph 39 of the Amended Complaint. To the extent paragraph 39 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

40. CIC admits the quotations in paragraph 40 of the Amended Complaint accurately quote portions of Section 12.1B of the EPC Contracts, omitting other portions of Section 12.1B. CIC denies the legal conclusions and characterization of the contractual language in paragraph 40 of the Amended Complaint. CIC denies any remaining allegations in paragraph 40 of the Amended Complaint. To the extent paragraph 40 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

41. CIC admits the quotation in paragraph 41 accurately quotes a portion of Section 12.1C of the EPC Contracts, omitting other portions of Section 12.1C. CIC denies the legal

conclusions and characterization of the contractual language in paragraph 41 of the Amended Complaint. CIC denies any remaining allegations in paragraph 41 of the Amended Complaint. To the extent paragraph 41 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

42. CIC admits the quotation in paragraph 42 of the Amended Complaint accurately quotes a portion of Section 12.1C of the EPC Contracts, omitting other portions of Section 12.1C. To the extent paragraph 42 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

43. CIC admits the quotation in paragraph 43 of the Amended Complaint accurately quotes a portion of Section 12.1C of the EPC Contracts, omitting other portions of Section 12.1C. To the extent paragraph 43 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

44. CIC admits the quotation in paragraph 44 accurately quotes Section 12.3D of the EPC Contracts, and that the original Defect Correction Period was an 18-month period following Substantial Completion. CIC denies the legal conclusions and characterization of the contractual language in paragraph 44 of the Amended Complaint. CIC denies any remaining allegations in paragraph 44 of the Amended Complaint. To the extent paragraph 44 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation.

D. Defects in the Trains' Motors

45. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 45 of the Amended Complaint and therefore denies the same.

46. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 46 of the Amended Complaint and therefore denies the same.

47. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 47 of the Amended Complaint and therefore denies the same.

48. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 48 of the Amended Complaint and therefore denies the same.

49. CIC admits the same 75 MW Motors are utilized in Train 1, Train 2, and Train 3. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 49 of the Amended Complaint and therefore denies the same.

50. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the allegations in paragraph 50 of the Amended Complaint and therefore denies the same.

51. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation.

CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 51 of the Amended Complaint and therefore denies the same.

52. CIC lacks sufficient knowledge or information to form a belief about the truth of the allegations in paragraph 52 of the Amended Complaint and therefore denies the same.

53. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in paragraph 53 of the Amended Complaint and therefore denies the same.

E. Contractor's Gross Negligence in Connection with the Motor Defects

54. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC admits that there was an "Engineering Evaluation Letter" dated on or about December 19, 2013, and that paragraph 54 of the Amended Complaint accurately quotes such document. CIC denies that it issued the document, that the document was issued on December 19, 2023, and the legal characterization of the document contained in paragraph 55 of the Amended Complaint. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 54 of the Amended Complaint.

55. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC admits that there was an "Engineering Evaluation Letter" dated on or about December 19, 2013, and that paragraph 55 of the Amended Complaint accurately quotes such document. CIC denies that it issued the document, that the document was issued on December 19, 2023, and the legal characterization of the document contained in paragraph 55 of the Amended

Complaint. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 55 of the Amended Complaint.

56. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC admits that each of the three trains uses three 75 MW motors, and each motor in turn powers three propane and mixed-refrigerant compressors. CIC denies the legal conclusions and characterizations contained in paragraph 56 of the Amended Complaint. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 56 of the Amended Complaint.

57. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies that it issued the Engineering Evaluation Letter and the legal conclusions and characterization contained in paragraph 57 of the Amended Complaint. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 57 of the Amended Complaint.

58. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies the legal conclusions and characterizations contained in paragraph 58 of the Amended Complaint. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 58 of the Amended Complaint.

59. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC admits that CB&I and Zachry sent Plaintiffs a letter on or about February 14, 2014,

and that paragraph 59 of the Amended Complaint accurately quotes such letter. The February 14, 2014 letter speaks for itself. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 59 of the Amended Complaint.

60. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC admits that, on or about March 27, 2014, CB&I and Zachry entered into a change order with Plaintiffs to increase the Train 2 EPC Contract by $5,956,090. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations and therefore denies the same.

61. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 61 of the Amended Complaint and therefore denies the same.

62. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 62 of the Amended Complaint and therefore denies the same.

63. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 63 of the Amended Complaint and therefore denies the same.

64. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC admits the 75 MW Motors were fabricated off-site and delivered to the project site as intact units. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC further denies the legal conclusions in paragraph 64 of the Amended Complaint. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 64 of the Amended Complaint and therefore denies the same.

65. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies there were any defects, deficiencies, inadequacies, or workmanship issues in the 75 MW Motors, including but not limited to their design, assembly, or installation. CIC further denies the legal conclusions in paragraph 65 of the Amended Complaint. To the extent any further response may be required, CIC denies the remaining allegations in paragraph 65 of the Amended Complaint.

66. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies the legal conclusions and characterizations contained in paragraph 66 of the Amended Complaint. To the extent any further response may be required, CIC denies the allegations in paragraph 66 of the Amended Complaint.

67. On December 13, 2024, the Court dismissed Plaintiffs' claims for gross negligence and any related consequential damages, and CIC therefore denies it is liable for any consequential damages. CIC denies the legal conclusions and characterizations contained in paragraph 67 of the Amended Complaint. To the extent any further response may be required, CIC denies the allegations in paragraph 67 of the Amended Complaint.

F. Plaintiffs' Damages

68. Paragraph 68 of the Amended Complaint contains legal arguments and statements for which no response is required. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 68 of the Amended Complaint and therefore denies the same.

69. Paragraph 69 of the Amended Complaint contains legal arguments and statements for which no response is required. To the extent paragraph 69 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation. To the extent any further response may be required, CIC lacks sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 69 of the Amended Complaint and therefore denies the same.

70. Paragraph 70 contains legal arguments and statements for which no response is required. To the extent any further response may be required, CIC lacks sufficient knowledge or

information to form a belief as to the truth of the allegations in paragraph 70 of the Amended Complaint and therefore denies the same.

71. CIC denies the allegations in paragraphs 71 of the Amended Complaint. Specifically, Plaintiffs failed to comply with conditions precedent in the Train 3 EPC Contract. Section 18.2 states that "[m]ediation is an absolute condition precedent to litigation . . ." subject to three non-applicable exceptions. No such mediation has occurred. Further, Plaintiffs have failed to fulfill the mandatory conditions precedent to recover attorneys' fees under Chapter 38 of the Texas Civil Practice & Remedies Code.

V. Causes of Action

72. CIC incorporates by reference its responses to the foregoing paragraphs.

73. CIC admits that it entered the Train 3 EPC Contract with FLIQ3. To the extent paragraph 73 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation. To the extent any further response may be required, CIC denies the remaining allegations and conclusions in Paragraph 73 of the Amended Complaint.

74. CIC denies the allegations and conclusions in Paragraph 74 of the Amended Complaint. Further, to the extent paragraph 74 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC specifically denies the allegation.

75. CIC denies the allegations and conclusions in Paragraph 75 of the Amended Complaint. Further, to the extent paragraph 75 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC specifically denies the allegation.

76. Paragraph 76 of the Amended Complaint contains legal conclusions and statements for which no response is required. To the extent paragraph 76 of the Amended Complaint alleges that CIC entered into an agreement with FLIQ1 or FLIQ2, CIC denies the allegation. To the extent

any further response may be required, CIC lacks sufficient knowledge or information to form a belief about the truth of the allegations in paragraph 76 and therefore denies the same.

77. CIC denies the allegations in paragraph 77 of the Amended Complaint.

78. Paragraph 78 of the Amended Complaint contains legal conclusions and statements for which no response is required. To the extent any response may be required, CIC denies the allegations and conclusions in Paragraph 78 of the Amended Complaint.

2. GENERAL DENIAL

79. To the extent not expressly admitted above, CIC denies all other allegations in the Amended Complaint, including all the requested relief.

3. DEFENSES & AFFIRMATIVE DEFENSES

80. Plaintiffs lack contractual capacity to sue CIC under the Train 1 EPC Contact or Train 2 EPC Contract because CIC is not a party to either contract.

81. Defendant CIC is not liable to Plaintiffs because the alleged breaches of the EPC Contracts, if true, did not cause Plaintiffs' alleged damages. Plaintiffs allege the defective work was performed by third-party General Electric. CIC therefore could not have discovered any of the alleged defects. Moreover, Plaintiffs selected the General Electric motors against the advice and recommendation of the Defendants. Therefore, any damages resulting from the alleged defects to the 75 MW Motors are not the natural, probable, and foreseeable consequences of Defendants' conduct.

82. Section 8.2.B of the EPC Contracts provides that Plaintiffs bear the risk of loss after substantial completion of the project except to the extent the Defendants have obligations with respect to Defective Work or Corrective Work. Thus, Plaintiffs must establish either a defined Defect in Defendants' Work or a right to Corrective Work under the EPC Contracts' warranty

provisions. But Defendants' work was not the cause of Plaintiffs' harm, and the warranty period for Train 3 expired before the 75 MW Motors allegedly failed.

83. Plaintiffs' damages, if any, are limited by various provisions of the EPC Contracts including the damage limitations set forth in Article 20.2 and 20.5 of such contracts.

84. Defendant CIC is not liable to Plaintiffs under the doctrines of ratification, waiver, release, or a combination thereof. Specifically, Plaintiffs, after learning all material facts concerning the 75 MW Motors, confirmed and adopted their choice of the 75 MW Motors against the advice and recommendation of Defendants. In doing so, Plaintiffs ratified, waived, and/or released any contractual rights against CIC with regard to the 75 MW Motors.

85. Defendant CIC is not liable to Plaintiffs because Plaintiffs are estopped. Specifically, Plaintiffs acquiesced and accepted the 75 MW Motors with full knowledge of their risks. Given Plaintiffs' acquiescence and acceptance of the 75 MW Motors, it would now be unconscionable to allow Plaintiffs to recover against CIC based on the alleged failures of the 75 MW Motors.

86. Defendant CIC is not liable to Plaintiffs because Section 16.004 of the Texas Civil Practices and Remedies Code bars Plaintiffs' claim. Breach of contract claims must be asserted within four years of when they accrue. Plaintiffs allege that Defendants breached the EPC Contracts by improperly designing, assembling, and overseeing the fabrication of the 75 MW Motors, which Plaintiffs further allege were fabricated off-site and delivered to the Project site as intact units. The fabrication of the 75 MW Motors occurred before April 2020. Thus, the alleged breaches must have occurred and accrued before April 2020. Plaintiffs filed this case on April 23, 2024. As a result, the alleged breaches occurred more than four years before Plaintiffs filed suit.

Further, Texas Civil Practices and Remedies Code Section 16.009 does not affect the period prescribed for bringing this action.

87. Plaintiffs' claims are barred, in whole or in part, based on any exculpatory clauses in the parties' agreements.

88. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs' own acts or omissions caused or contributed to Plaintiffs' alleged injury.

89. CIC is entitled to offset any damages sought by Plaintiffs based on any recovery for such loss obtained from a third party.

90. If there is any liability, Plaintiffs failed to mitigate their damages. Specifically, Plaintiffs completed repair work on the 75 MW Motors in an unreasonable and inefficient manner.

4. PRAYER

For these reasons, defendant CIC asks the Court to enter judgment that Plaintiffs take nothing, dismiss Plaintiffs' suit with prejudice, assess costs against Plaintiffs, and award CIC all other relief the Court deems appropriate.

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Dated: February 7, 2025

Respectfully submitted,

/s/ Charles M. Jones II
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COUNSEL TO CHIYODA INTERNATIONAL CORPORATION

CERTIFICATE OF SERVICE

I hereby certify that on February 7, 2025, I caused a copy of the foregoing document to be served by electronic mail via the Court's ECF system to all parties authorized to receive electronic notice in this case.

/s/ *Charles M. Jones II*
Charles M. Jones II