Docket #0098 Date Filed: 2/14/2025

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

IN RE:	§	
	§	
ZACHRY HOLDINGS, INC., *et al.*,	§	Case No. 24-90377
	§	
Debtors.	§	CHAPTER 11
	§	
	§	
FLNG LIQUEFACTION, LLC; FLNG LIQUEFACTION 2, LLC; and LIQUEFACTION, LLC 3, LLC	§	
	§	ADVERSARY NO. 24-3195
Plaintiffs,	§	
	§	
v.	§	
	§	
CB&I INC.; ZACHRY INDUSTRIAL, INC.; and CHIYODA INTERNATIONAL CORPORATION,	§	
	§	
Defendants.	§	

DEFENDANT CB&I LLC'S ANSWER

CB&I LLC ("CB&I"), Defendant in the above-styled action, submits this Answer to Plaintiffs FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC's (collectively "FLNG") First Amended Complaint:

ANSWER

I. PRELIMINARY STATEMENT

1. The allegations in paragraph 1 are admitted to the extent that FLNG contracted with Defendants under fixed price, turnkey, engineering, procurement, and construction agreements for the construction of a natural gas liquefaction and liquified natural gas facility. To the extent a

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response is required to the remaining statements, CB&I denies the remaining allegations in paragraph 1.

II. PARTIES

2. The allegations in paragraph 2 are admitted.

3. The allegations in paragraph 3 are admitted.

4. The allegations in paragraph 4 are admitted.

5. The allegations in paragraph 5 are admitted.

6. The allegations in paragraph 6 are admitted.

7. The allegations in paragraph 7 are admitted.

III. JURISDICTION & VENUE

8. The allegations in paragraph 8 are admitted.

9. The allegations in paragraph 9 are admitted.

10. The allegations in paragraph 10 are admitted.

IV. FACTUAL BACKGROUND

A. Freeport LNG's Quintana Island Facility

11. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 11 of the First Amended Complaint and therefore, denies these allegations.

12. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 12 of the First Amended Complaint and therefore, denies these allegations.

13. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 13 of the First Amended Complaint and therefore, denies these allegations.

14. The allegations in paragraph 14 are admitted.

15. The allegations in paragraph 15 are admitted to the extent that the LNG Facility has three liquefaction processing trains: Train 1, commissioned and began commercial operations in December 2019; Train 2, commenced operations in January 2020; and Train 3, which commenced operations in May 2020. CB&I is without knowledge or information sufficient to form a belief about the truth of the remaining allegations and therefore, denies these allegations.

16. The allegations in paragraph 16 are admitted to the extent that the LNG Facility uses three General Electric 75 MW motors used to power mixed-refrigerant compressors. CB&I denies the remaining allegations.

B. The EPC Contracts

17. The allegations in paragraph 17 are admitted.

18. The allegations in paragraph 18 are admitted.

19. The allegations in paragraph 19 are admitted.

20. The allegations in paragraph 20 are admitted.

21. The allegations in paragraph 21 are admitted.

22. The allegations in paragraph 22 are admitted.

23. As written, CB&I denies paragraph 23. CB&I 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. CB&I admits that the EPC Contracts are "virtually identical" but CB&I does not

know what provisions FLNG deems "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. The remaining allegations in paragraph 24 are admitted.

C. Defendants' Obligations Under the EPC Contracts

25. The allegations in paragraph 25 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

26. The allegations in paragraph 26 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

27. The allegations in paragraph 27 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

28. The allegations in paragraph 28 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

29. The allegations in paragraph 29 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

30. The allegations in paragraph 30 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

31. The allegations in paragraph 31 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

32. The allegations in paragraph 32 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

33. The allegations in paragraph 33 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

34. The allegations in paragraph 34 state legal conclusions to which no answer is

required. The terms of the EPC Contracts speak for themselves.

35. The allegations in paragraph 35 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

36. The allegations in paragraph 36 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

37. The allegations in paragraph 37 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

38. The allegations in paragraph 38 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

39. The allegations in paragraph 39 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

40. The allegations in paragraph 40 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

41. The allegations in paragraph 41 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

42. The allegations in paragraph 42 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

43. The allegations in paragraph 43 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

44. The allegations in paragraph 44 state legal conclusions to which no answer is required. The terms of the EPC Contracts speak for themselves.

D. Defects in the Trains' Motors

45. CB&I is without knowledge or information sufficient to form a belief about the

truth of the allegations contained in paragraph 45 of the First Amended Complaint and therefore, denies these allegations.

46. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 46 of the First Amended Complaint and therefore, denies these allegations.

47. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 47 of the First Amended Complaint and therefore, denies these allegations.

48. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 48 of the First Amended Complaint and therefore, denies these allegations.

49. CB&I admits that the same 75 MW Motors are utilized in Trains 1 and 2 of the LNG Facility. CB&I is without knowledge or information sufficient to form a belief about the truth of the remaining allegations contained in paragraph 49 of the First Amended Complaint and therefore, denies these allegations.

50. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 50 of the First Amended Complaint and therefore, denies these allegations.

51. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 51 of the First Amended Complaint and therefore, denies these allegations.

52. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 52 of the First Amended Complaint and therefore,

denies these allegations.

53. CB&I is without knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 53 of the First Amended Complaint and therefore, denies these allegations.

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

54. No response is required to paragraph 54 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits that the Defendants sent an Engineering Evaluation Letter, which speaks for itself. CB&I denies the remaining allegations.

55. No response is required to paragraph 55 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits that the Defendants sent an Engineering Evaluation Letter, which speaks for itself. CB&I denies the remaining allegations.

56. No response is required to paragraph 56 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits the first two sentences of paragraph 56, but denies the remaining allegations.

57. No response is required to paragraph 57 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits that the Defendants sent an Engineering Evaluation Letter, which speaks for itself. CB&I denies the remaining allegations.

58. No response is required to paragraph 58 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is

required, CB&I denies the allegations.

59. No response is required to paragraph 59 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits that the Defendants sent a letter on February 14, 2014, which speaks for itself. CB&I denies the remaining allegations.

60. No response is required to paragraph 60 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits the parties entered into a change order, which speaks for itself. CB&I denies the remaining allegations.

61. No response is required to paragraph 61 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

62. No response is required to paragraph 62 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

63. No response is required to paragraph 63 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

64. No response is required to paragraph 64 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I admits the motors were fabricated off-site and delivered, but denies the remaining allegations.

65. No response is required to paragraph 65 due to the Court's partial dismissal of

FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

66. No response is required to paragraph 66 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

67. No response is required to paragraph 67 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

F. Plaintiffs' Damages

68. The allegations in paragraph 68 state legal conclusions to which no answer is required. To the extent an answer is required, CB&I denies the allegations.

69. The allegations in paragraph 69 state legal conclusions to which no answer is required. To the extent an answer is required, CB&I denies the allegations.

70. The allegations in paragraph 70 state legal conclusions to which no answer is required. To the extent an answer is required, CB&I denies the allegations.

71. The allegations in paragraph 71 state legal conclusions to which no answer is required. To the extent an answer is required, CB&I denies the allegations.

V. CAUSES OF ACTION

A. Breach of the EPC Contracts

72. Paragraph 72 is an incorporation by reference to other paragraphs in the First Amended Complaint. CB&I incorporates by reference its responses to those paragraphs.

73. CB&I admits the allegations in paragraph 73.

74. The allegations in paragraph 74 and its subparts are denied.

75. The allegations in paragraph 75 and its subparts are denied.

76. The allegations in paragraph 76 are denied.

77. No response is required to paragraph 77 due to the Court's partial dismissal of FLNG's claim for consequential damages under Docket Nos. 82 & 83. To the extent an answer is required, CB&I denies the allegations.

78. The allegations in paragraph 78 state legal conclusions to which no answer is required. To the extent an answer is required, CB&I denies that FLNG is entitled to reasonable and necessary attorneys' fees.

VI. REQUEST FOR RELIEF

79. The request for relief states a legal conclusion to which no answer is required. To the extent an answer is required, CB&I denies that FLNG is entitled to any relief requested and further denies the facts that would allegedly entitle FLNG to such relief.

AFFIRMATIVE AND OTHER DEFENSES

CB&I asserts that FLNG's claims are barred, in whole or in part, by the defenses set forth below. By setting forth these defenses, CB&I does not assume the burden of proving any fact, issue, or element of a cause of action where such burden properly belongs to FLNG. Moreover, nothing herein stated is intended or shall be construed as an acknowledgement that any issue or subject matter is relevant to FLNG's allegations. CB&I reserves the right to plead any affirmative defenses that may become evident or appreciated after investigation and discovery in this matter. CB&I asserts the following affirmative defenses:

FIRST AFFIRMATIVE DEFENSE

FLNG's claims are barred in whole or in part by the doctrines of estoppel, waiver, and/or release.

SECOND AFFIRMATIVE DEFENSE

FLNG's claims are barred, in whole or in part, by FLNG's failure to satisfy all conditions precedent.

THIRD AFFIRMATIVE DEFENSE

FLNG failed to mitigate its damages.

FOURTH AFFIRMATIVE DEFENSE

CB&I asserts that, in the event FLNG proves they are entitled to their alleged damages, the damages, if any, were caused by the negligence of responsible third parties who worked on the project as independent contractors, design professionals, laborers, or suppliers.

FIFTH AFFIRMATIVE DEFENSE

CB&I asserts the economic loss doctrine as an affirmative defense.

SIXTH AFFIRMATIVE DEFENSE

CB&I asserts the affirmative defense of limitation of liability as set forth in the EPC Contracts.

SEVENTH AFFIRMATIVE DEFENSE

FLNG's claims are barred, in whole or in part, by the applicable statutes of limitations.

EIGHTH AFFIRMATIVE DEFENSE

FLNG's claims are barred, in whole or in part, by the doctrines of ratification, waiver, release, or a combination thereof. 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 CB&I with regard to the 75 MW Motors.

NINTH AFFIRMATIVE DEFENSE

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

TENTH AFFIRMATIVE DEFENSE

CB&I is entitled to offset any damages sought by FLNG based on any recovery for such loss obtained from a third party.

ELEVENTH AFFIRMATIVE DEFENSE

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

PRAYER

For these reasons, CB&I prays that FLNG takes nothing by way of this lawsuit, that FLNG's First Amended Complaint be dismissed with prejudice, and that CB&I be awarded its costs and all other and further relief, at law or in equity, to which CB&I may show itself justly entitled to receive.

Dated: February 14, 2025

Respectfully submitted,

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COUNSEL FOR DEFENDANT CB&I LLC

CERTIFICATE OF SERVICE

I hereby certify that on February 14, 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/ Jack W. Massey
Jack Massey