Docket #0112 Date Filed: 2/21/2025

IN THE 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	Adv. Pro. No. 24-03195 (MI)
Plaintiffs,	
v.	
CB&I INC; ZACHRY INDUSTRIAL, INC.; and CHIYODA INTERNATIONAL CORPORATION,	
Defendants.	

NOTICE OF FILING OF
MOTION FOR SUMMARY JUDGMENT HEARING PRESENTATION

PLEASE TAKE NOTICE THAT attached hereto as **Exhibit A** is a copy of the presentation that was presented by the above-captioned debtors and debtors in possession at the hearing on February 19, 2025 at 2:30 p.m. (prevailing Central Time) in the above-captioned adversary proceeding.

[1] The last four digits of Zachry Holdings, Inc.'s tax identification number are 6814. A complete list of each of the Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors' claims and noticing agent at www.veritaglobal.net/ZHI. The location of the Debtors' service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.

24903772502210000000000005

Dated: February 21, 2025
Houston, Texas

/s/ *Charles R. Koster*

WHITE & CASE LLP
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Bojan Guzina (admitted *pro hac vice*)
Andrew F. O'Neill (admitted *pro hac vice*)
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barrett.lingle@whitecase.com

Counsel to the Debtors and
Debtors in Possession

Certificate of Service

I certify that on February 21, 2025, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ *Charles R. Koster*
Charles R. Koster

Exhibit A

Motion for Summary Judgment Presentation



ZACHRY GROUP

MOTION FOR SUMMARY JUDGMENT ON LIMITATIONS

February 19, 2025

Adversary No. 24-03195 **Motor Defect**

100 YEARS OF ZACHRY

Breach of Contract Allegations

- Failed to adequately review the design.
  Plaintiffs' First Amended Complaint ¶61.
- Failed to adequately review manufacturing.
  Plaintiffs' First Amended Complaint ¶62.
- Procured, assembled, and installed defective equipment
  Plaintiffs' First Amended Complaint ¶75.

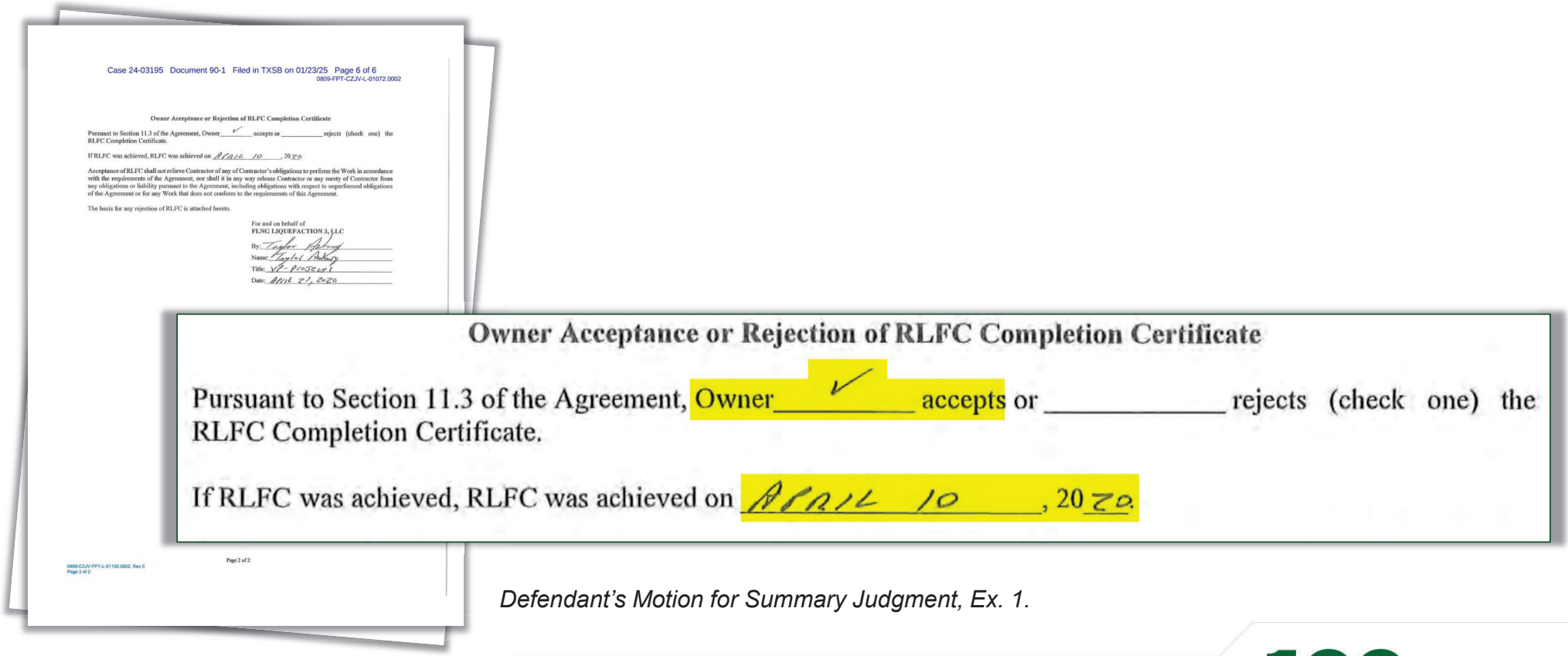
100 YEARS OF ZACHRY

Statute of Limitations Timeline



100 YEARS OF ZACHRY

Train 3 RLFC Certification



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0809-FPT-CZJV-L-01072.0002

Owner Acceptance or Rejection of RLFC Completion Certificate

Pursuant to Section 11.3 of the Agreement, Owner ✓ accepts or _____ rejects (check one) the RLFC Completion Certificate.

If RLFC was achieved, RLFC was achieved on APRIL 10, 2020

Acceptance of RLFC shall not relieve Contractor of any of Contractor's obligations to perform the Work in accordance with the requirements of the Agreement, nor shall it in any way release Contractor or any surety of Contractor from any obligations or liability pursuant to the Agreement, including obligations with respect to unperformed obligations of the Agreement or for any Work that does not conform to the requirements of this Agreement.

The basis for any rejection of RLFC is attached hereto.

For and on behalf of
FLNG LIQUEFACTION 3, LLC
By: Taylor Anthony
Name: Taylor Anthony
Title: VP-PROJECTS
Date: April 21, 2020

Page 2 of 2

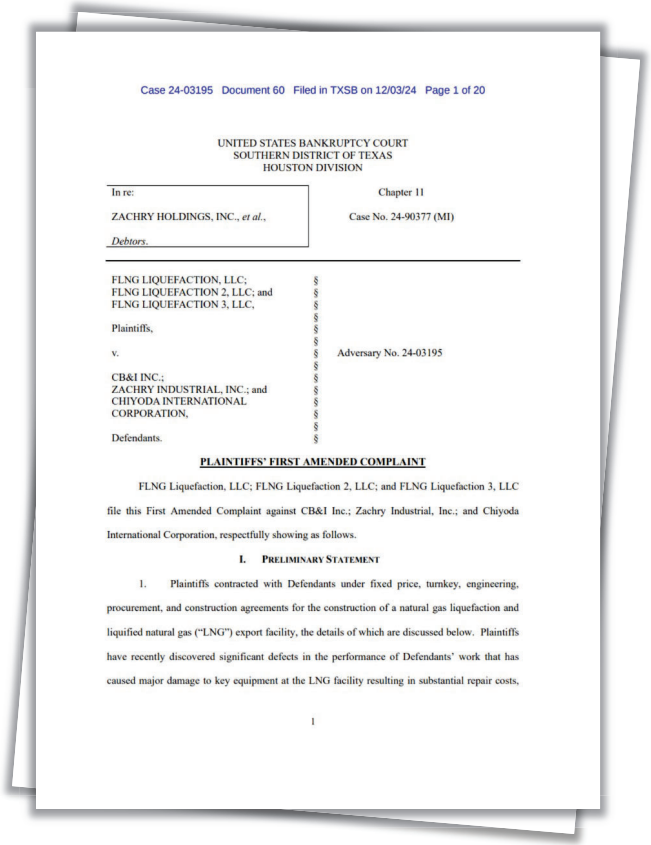
Owner Acceptance or Rejection of RLFC Completion Certificate

Pursuant to Section 11.3 of the Agreement, Owner ✓ accepts or _____ rejects (check one) the RLFC Completion Certificate.

If RLFC was achieved, RLFC was achieved on APRIL 10, 2020.

Defendant's Motion for Summary Judgment, Ex. 1.

Discoverable Defects



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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	Chapter 11
ZACHRY HOLDINGS, INC., *et al.*,	Case No. 24-90377 (MI)
Debtors.	

FLNG LIQUEFACTION, LLC; FLNG LIQUEFACTION 2, LLC; and FLNG LIQUEFACTION 3, LLC,	§	
Plaintiffs,	§	
v.	§	Adversary No. 24-03195
CB&I INC.; ZACHRY INDUSTRIAL, INC.; and CHIYODA INTERNATIONAL CORPORATION,	§	
Defendants.	§	

PLAINTIFFS' FIRST AMENDED COMPLAINT

FLNG Liquefaction, LLC; FLNG Liquefaction 2, LLC; and FLNG Liquefaction 3, LLC file this First Amended Complaint against CB&I Inc.; Zachry Industrial, Inc.; and Chiyoda International Corporation, respectfully showing as follows.

I. PRELIMINARY STATEMENT

1. Plaintiffs contracted with Defendants under fixed price, turnkey, engineering, procurement, and construction agreements for the construction of a natural gas liquefaction and liquified natural gas ("LNG") export facility, the details of which are discussed below. Plaintiffs have recently discovered significant defects in the performance of Defendants' work that has caused major damage to key equipment at the LNG facility resulting in substantial repair costs,

1

"A **simple review** of the design would have identified that design defect."

- Nord-Lock washers were placed on only one side of the bolt setup.



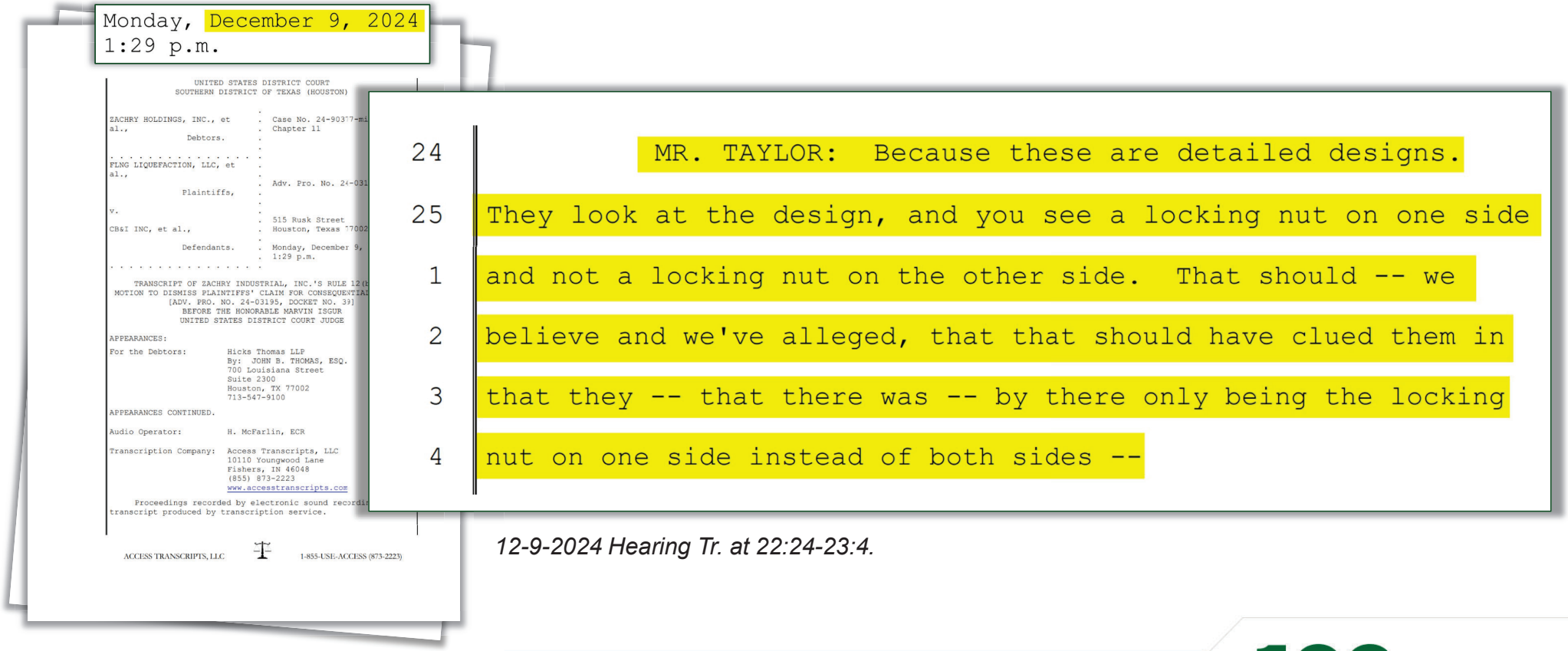
Through holes

As for all locking washers, through holes require two pairs of Nord-Lock washers – one pair for securing the bolt and a second pair for securing the nut.
Turn both fasteners in order to close the cams on both washer pairs before tightening to minimize settlements. Keep the nut secure whilst tightening the bolt.

Plaintiffs' First Amended Complaint ¶61.

100 YEARS OF ZACHRY

Discoverable Defects



Monday, December 9, 2024
1:29 p.m.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS (HOUSTON)

ZACHRY HOLDINGS, INC., et al., Debtors. — Case No. 24-90377-mi, Chapter 11

FLNG LIQUEFACTION, LLC, et al., Plaintiffs, v. CB&I INC, et al., Defendants. — Adv. Pro. No. 24-031; 515 Rusk Street, Houston, Texas 7700; Monday, December 9, 1:29 p.m.

TRANSCRIPT OF ZACHRY INDUSTRIAL, INC.'S RULE 12(b) MOTION TO DISMISS PLAINTIFFS' CLAIM FOR CONSEQUENTIAL
[ADV. PRO. NO. 24-03195, DOCKET NO. 39]
BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

For the Debtors: Hicks Thomas LLP
By: JOHN B. THOMAS, ESQ.
700 Louisiana Street
Suite 2300
Houston, TX 77002
713-547-9100

APPEARANCES CONTINUED.

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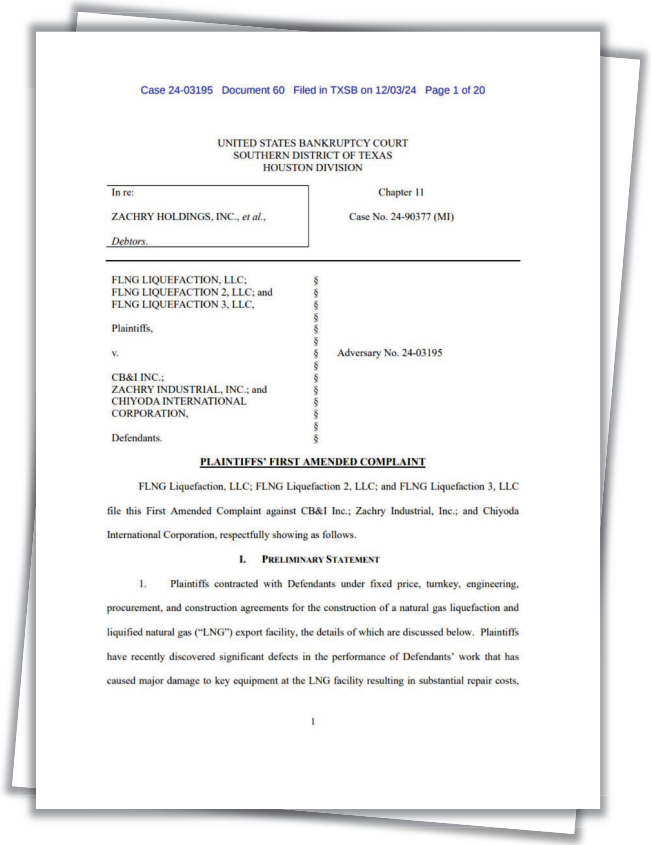
ACCESS TRANSCRIPTS, LLC 1-855-USE-ACCESS (873-2223)

24 MR. TAYLOR: Because these are detailed designs.
25 They look at the design, and you see a locking nut on one side
1 and not a locking nut on the other side. That should -- we
2 believe and we've alleged, that that should have clued them in
3 that they -- that there was -- by there only being the locking
4 nut on one side instead of both sides --

12-9-2024 Hearing Tr. at 22:24-23:4.

100 YEARS OF ZACHRY

Discoverable Defects



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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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PLAINTIFFS' FIRST AMENDED COMPLAINT

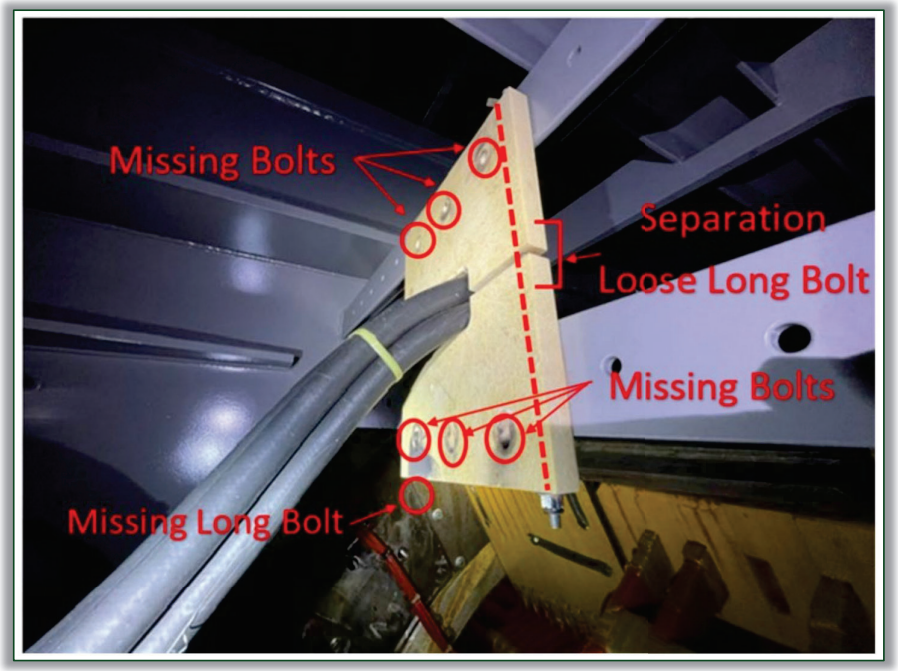
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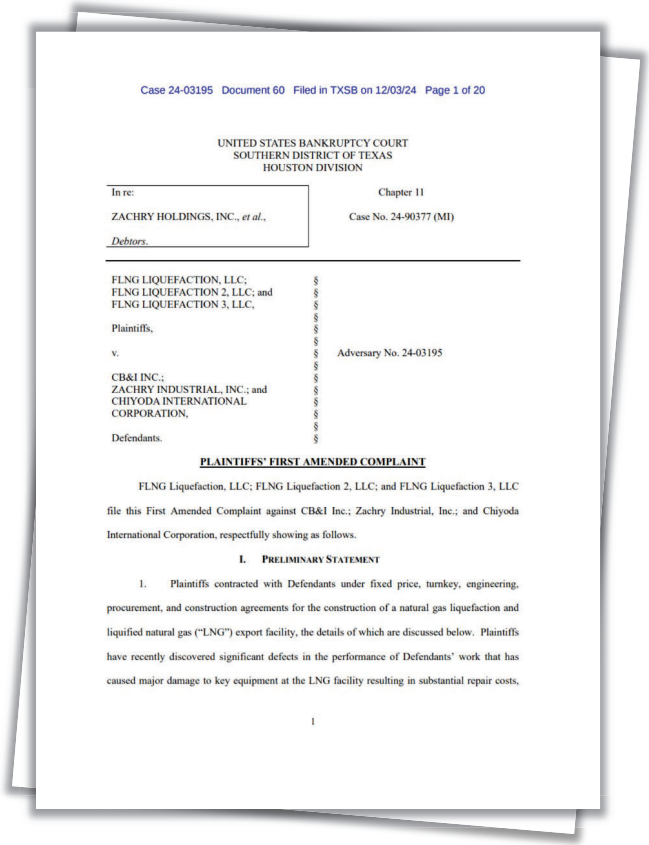
"**Shop inspections** would have identified these **obvious defects.**"



Plaintiffs' First Amended Complaint ¶63.

100 YEARS OF ZACHRY

Discoverable Defects



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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
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1

"FLNG **enhanced monitoring** identified abnormalities."

Plaintiffs' First Amended Complaint ¶50.

"Subsequent **visual inspections** by FLNG identified the workmanship issue."

Plaintiffs' First Amended Complaint ¶51.

100 YEARS OF ZACHRY