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

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

GOLDEN PASS LNG TERMINAL LLC'S STATEMENT IN SUPPORT REGARDING MODIFIED FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ZACHRY HOLDINGS, INC. AND ITS DEBTOR AFFILIATES
[RELATES TO DKT. NO. 2362]

Golden Pass LNG Terminal LLC ("Golden Pass") files this Statement with respect to the Debtors' *Further Modified First Amended Joint Chapter 11 Plan of Reorganization of Zachry Holdings, Inc., and its Debtor Affiliates* [Dkt. No. 2362] (the "Plan"), and respectfully states as follows:

PRELIMINARY STATEMENT

1. The Golden Pass Settlement[1] was a heavily negotiated, comprehensive agreement that was instrumental in paving the way for the continued employment of hundreds of vendors and thousands of workers on the Golden Pass Project, and the foundation for the Debtors' chapter 11 plan and emergence from bankruptcy.

[1] Capitalized terms not defined herein shall have the meaning set forth in the Plan, or the Settlement, as applicable.

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2. Pursuant to the Settlement, Golden Pass has satisfied a substantial portion of the Debtors' claims and obligations. To date, Golden Pass has satisfied thousands of invoices for GPX Claims, at an exceptionally significant cost.

3. Prior to the resolution negotiated by the Debtors and Golden Pass, the sole unresolved issue under the Settlement was resolution of potential obligations under the $213 million Golden Pass Letter of Credit (the "LC") with respect to any "Excess Claims;" i.e., the Debtors' obligations to vendors related to the Golden Pass Project that exceeded the agreed Payment Cap under the Settlement. The LC was a critical and essential component of the Settlement as it provided Golden Pass with necessary protection from any additional valid vendor claims arising against the Golden Pass Project which exceeded the Payment Cap. Golden Pass would not have entered into the Settlement without the protections provided by the LC.

4. The *Stipulation of Facts and Agreed Determination of Excess Claims* (the "Excess Claims Determination"), attached as Exhibit G to the Debtors' Plan Supplement resolves this issue by, among other things: (i) providing for a final allocation between the Debtors and Golden Pass of any remaining potential obligations of the Debtors; and (ii) confirming that, upon payment of the remaining payable GPX Claims allocated to Golden Pass, Golden Pass will have satisfied all of its obligations under the Settlement.

5. The Excess Claim Determination is the culmination of over seven months of full-time, intensive work by internal and external accounting and project management teams and professionals at both Golden Pass and the Debtors, and outside professionals, dating back to July 2024. The parties' efforts included coordinating to identify, reconcile, validate and satisfy all GPX Claims consistent with the Settlement, and impacted every material aspect of these cases, from claim objections and satisfaction of cure amounts for assumed and assigned executory

contracts, to formulation of the Debtors' Plan. The Excess Claim Determination achievement, in the face of unprecedented complexities and pressures, is monumental, and due primarily to the dedicated work of the parties' accounting and project teams over countless evenings, weekends, and holidays over the course of this case to complete what, at many times, seemed an impossible task.

6. The end result of this dedicated effort is an overwhelmingly positive outcome for all parties-in-interest—all valid claims will be satisfied in full, the Debtors and their lenders have certainty on remaining LC exposure, Golden Pass has certainty as to its remaining obligations for GPX Claims necessary to release the LC, and the massive Golden Pass Project has resumed construction and is proceeding to completion.

THE SETTLEMENT

7. The Settlement is complex, but two primary components are the "Payment Cap" and maintenance of the LC to protect Golden Pass from "Excess Claims."

8. Under the Settlement, Golden Pass agreed to pay up to a specified dollar amount (the "Payment Cap") of obligations owed by Zachry to non-affiliated vendors of the Golden Pass Project, including vendors that contracted directly with Zachry (the "Zachry Direct Obligations"), vendors that contracted with the CCZJV for which Zachry was 52% responsible (the "Pool A Obligations"), and vendors that contracted with the MZJV for which Zachry was 50% responsible (the "Pool B Obligations"), for Golden Pass Project related goods and services (the "GPX Claims").[2]

9. In return, the Debtors consented to no less than an agreed dollar amount in draws under the LC (the "Scheduled Draws"). If obligations exceeded the Payment Cap, either (a) the

[2] Settlement Term Sheet, at p. 4-5.

Debtors directly could satisfy those obligations; or (b) Golden Pass could satisfy them, but subject to a dollar-for-dollar right to further draw from the LC (the "Excess Claims").[3] Under the Settlement, Golden Pass has no obligation to pay any claims above the Payment Cap, absent availability under the LC to reimburse Golden Pass.

IMPLEMENTATION OF THE SETTLEMENT

10. Immediately upon approval of the Settlement, and over the course of the last seven months, the parties' internal and external accounting, project, and legal teams commenced around the clock efforts to validate, reconcile, and satisfy valid GPX Claims, and further determine any Excess Claims amount. These efforts included coordination with the proof of claim bar date order and omnibus claim objections, weekly meetings between the parties' project, accounting, and legal teams, communications with vendors regarding outstanding invoices, and coordination with Chiydoa International Corp. ("Chiyoda"), who assumed responsibility for the CCJV accounts payable system following ZII's withdrawal, to further identify any remaining outstanding Pool A Obligations of the CCZJV for goods or services provided to the Golden Pass Project prior to the Debtors' withdrawal. During this seven-month process, the Debtors and Golden Pass made every possible effort to identify, validate, and reconcile all valid GPX Claims as reflected in the Excess Claim Determination Schedules, including through service of the claims bar date order and proof of claim forms, multiple letters and communications to all known vendors (by the Debtors, Golden Pass, and the CCJV), and individualized notices to each vendor identified on the Schedules.

11. Implementation of the Settlement, including quantifying the Excess Claims amount necessary for the LC reduction, has been extraordinarily complex and time consuming.

[3] *Id.*

Over *17,000* invoices for over *400* vendors needed to be obtained, reviewed, reconciled, and validated. Many of the invoices lacked basic information such as service, equipment delivery or order dates, creating significant challenges in determining whether a claim counted against the Payment Cap.

12. Reconciliation of claims was further complicated by the significant number of unprocessed invoices in the CCZJV accounting platform. Tens of millions of dollars in claims remained "parked" and unprocessed in the CCZJV SAP accounting platform at the time of the Debtors' withdrawal from the Golden Pass Project, and supporting documentation related to the accounting platform was not always readily available or reliable.

13. In addition, reconciliation was even further complicated by the size of the Debtors' claims registry and the overlap of vendors across the Debtors' different projects. Over 1,700 proofs of claim, in an aggregate amount of over $20 billion were filed against the estates, and many more were scheduled. Real-time, rolling payments by Golden Pass of a significant subset of claims (often held by vendors that had worked for the Debtors not only on the Golden Pass Project but multiple other projects unrelated to Golden Pass) created even more challenges.

14. Notwithstanding this complexity, the months-long efforts of the parties resulted in a November 20, 2024, meeting in which the parties' accounting teams reached a consensus on a significant portion of the Excess Claims calculation, subject to a resolution on how to address the uncertainty with the unresolved proof of claim registry and the CCZJV Pool A reporting. However, during that November meeting, questions arose regarding potentially tens of millions of dollars of potential Pool A GPX Claims (the "Additional Pool A Claims").

15. Given the potential impact of the Additional Pool A Claims, the Debtors and Golden Pass engaged in intensive discussions and discovery.

THE EXCESS CLAIM DETERMINATION

16. After months of time-consuming discovery, contested motions, and deposition preparation in connection with the Debtors' Enforcement Motion, and building upon the prior months of claim reconciliation work, the Debtors and Golden Pass agreed upon the Excess Claim Determination to resolve the remaining issues related to implementation of the Settlement including, critically, the timing issues associated with resolving uncertainties with the proofs of claim registry and potential additional Pool A claims.

17. The Excess Claim Determination, including each of the incorporated stipulations, is integral to the Debtors' Plan in multiple respects. The Excess Claim Determination accomplishes the Debtors' objective that the LC be reduced immediately rather than remain in place (beyond the Schedule Draw amounts) pending resolution of claim objections and further reconciliation of potential Pool A obligations. The Excess Claim Determination also defines the universe of remaining claims to be paid by Golden Pass under the Settlement and those that will be paid by the Debtors under the Plan. The Plan provides, in several places, that certain claims, if allowed, and to the extent constituting GPX Claims, will be paid by Golden Pass pursuant to the Settlement, while other allowed claims will be paid by the Debtors. However, the Plan did not define which claims were included in which category. The Excess Claim Determination resolves this uncertainty. The Excess Claim Determination further identifies the GPX Claims that have been satisfied to date. Finally, and critical to Golden Pass's agreement to reduce the LC, the Excess Claim Determination confirms that GPX has satisfied all GPX Claims under the GPX Settlement (subject to payment of the remaining payable claims identified in the Schedules to the Excess Claim Determination), and clarifies that any remaining claims against the Debtors

will be resolved by the Debtors through the proofs of claims dispute resolution and claims allowance process and the Plan.

18. Absent this allocation of remaining Debtor obligations and determination that Golden Pass has satisfied its obligations under the GPX Settlement (subject to the specified payable amounts), the LC could not be reduced to the amount of the Scheduled Draws only. If Golden Pass continued to face exposure to potential obligations of the Debtors related to the GPX Project beyond the amounts scheduled under the Excess Claim Determination, Golden Pass could, contrary to the most fundamental provision of the Golden Pass Settlement, be required to pay claims that exceed the Direct Payment Cap, but without the availability of, and the protection provided by, the LC.[4]

19. For this same reason, the Excess Claim Determination, and the LC reduction thereunder, are effective only upon the Order confirming the Debtors' Plan and the Plan becoming effective that incorporates, approves, and implements the stipulations and schedules in the Excess Claim Determination, including certain specified critical conditions.[5]

20. The Plan, including the Excess Claim Determination, provides for full satisfaction of all known and valid GPX Claims, and independent paths forward for both Golden Pass's completion of the Golden Pass Project and the Debtors' continued operations, and should be approved in all respects.[6]

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[4] Again, Golden Pass agreed to pay the Debtors' obligations with respect to certain vendors for the GPX Project subject to a heavily negotiated Payment Cap, and no more.

[5] Excess Claim Determination, ¶ 28.

[6] Golden Pass supports confirmation of the Debtors' Plan subject to the Court's approval of the Excess Claim Determination. Absent such approval and effectiveness, issues raised in the Debtors' Enforcement Motion, which has been withdrawn without prejudice pending approval of the Excess Claim Determination, and Golden Pass's response to the same, would need to be re-calendared for an evidentiary hearing to determine the amount by which the LC should be reduced and the other issues otherwise resolved through th Excess Claim Determination.

RESERVATION OF RIGHTS

21. Golden Pass reserves all rights with respect to the Plan and any amendments or supplements thereto, and under the Golden Pass Settlement, including, without limitation, the LC.

Dated: February 24, 2025
Houston, Texas

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

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CERTIFICATE OF SERVICE

I certify that on February 24, 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 to all parties registered to receive such service.

By: */s/ Bob B. Bruner*
Bob. B. Bruner