



Issued December 14, 2021

**DRIFTWOOD PIPELINE LLC**  
**DRIFTWOOD PIPELINE**  
**Line 200 and 300**

Notice of Binding Open Season



## Notice of Binding Open Season for Firm Transportation Service

Driftwood Pipeline LLC ("DWPL"), a subsidiary of Tellurian Inc., hereby announces a supplemental **Binding Open Season** for the Driftwood Pipeline Line 200 and Line 300 expansion project ("Project" or "Pipelines"). Subject to approval by the Federal Energy Regulatory Commission ("FERC"), the proposed dual 42-inch diameter natural gas pipelines (approximately 37 miles long and 32 miles long, respectively) will provide various firm and interruptible services, including firm transportation, interruptible transportation, park and loan services, as well as wheeling services, and will interconnect with up to 12 existing pipelines, existing facilities and/or gas storage facilities, as well as end-users located in southwest Louisiana. The Project will originate at a proposed interconnect with the Texas Eastern Transmission Company ("TETCO") interstate system located approximately 5.5 miles southeast of Ragley, Louisiana, and will travel west and south across Beauregard and Calcasieu, Parishes to a termination point located southeast of Carlyss, Louisiana. The proposed Project will be deployed in two phases with three operational in-service periods as further described below. On a nominal basis, the pipeline system will be able to initially move up to 3.1 Bcf/d as part of the operational period 1, 4.4 Bcf/d as part of the operational period 2, and 5.4 Bcf/d as part of the operational period 3.

The Pipelines will provide potential shippers enhanced access and transportation opportunities to interconnect with the interstate, intrastate and regional gathering grid to source gas from multiple producing basins across the U.S. This interconnectivity will also provide improved gas supply reliability to meet the current and projected demand growth resulting from the industrial, petrochemical, manufacturing, power generation, residential and liquefied natural gas ("LNG") plants located in and around Lake Charles, Louisiana.

Pursuant to this supplemental Binding Open Season, DWPL will provide firm transportation service to shippers who have entered into a binding Precedent Agreement ("PA") at the applicable approved recourse rate, or a mutually agreed upon negotiated rate for service on the Project. DWPL anticipates finalizing all the PAs by no later than March 2022.

DWPL has previously entered into a binding PA with a Foundation Shipper for capacity in each of the three Operational Periods as reflected below. Also set forth below is the incremental capacity that is presently available in each of the three Operational Periods, and which is being offered in this supplemental Binding Open Season. With respect to such available capacity, DWPL is presently engaged in negotiations with two potential Anchor Shippers, each for capacity of at least 100,000 Dth/d for terms of no less than five years. If those negotiations are successful, the capacity available in this Open Season would be reduced accordingly.

### Overview

DWPL is announcing this Binding Open Season for the Project to solicit shipper interest in obtaining firm transportation capacity for a primary term of no less than 5 years and up to 20 years for volumes up to 700,000 Dth/d at either negotiated and/or tariff rates depending upon the capacity subscription requested. Additionally, for volumes above 700,000 Dth/d and up to the maximum available capacity per Operational Period, those volumes can be subscribed for the period of their availability.

The Project is expected to include one mainline compressor station and potentially 12 meter stations, with all but the interconnects with the gathering pipes and end-users to be bi-directional. The Project will be placed into service under three operational periods as described in more detail below, with increasing capacities for each period. The Project rate basis will be dependent upon shippers' requested receipt and delivery locations and the pressure requirements for each. The anticipated facilities included in each period are described below, contingent upon regulatory approvals, as well as shipper commitments:

- Operational Period 1 facilities will consist of a 42-inch pipeline from a proposed interconnect with TETCO pipeline at approximate milepost ("MP") 0.0 in Beauregard Parish to MP 37 in Calcasieu Parish, and will include one compressor station at approximate MP 4.5 with approximately 158,400 Hp, and approximately 12 meter stations. Period 1 is expected to be available for service on or near December 2024 and will be able to provide service for 3.1 billion cubic feet per day ("BCF/d") of transportation



capacity on the Pipeline on a nominal basis. The incremental capacity available for this operational period is 0.7 BCF/d.

- Operational Period 2 facilities will include approximately 31 miles of 42-inch looped pipeline from the compressor station at approximate MP 4.5 to approximate MP 37.0. Period 2 is expected to be available for service in the second half of 2026 and will be able to provide service for up to 4.4 BCF/d of transportation capacity on the Pipeline on a nominal basis. The incremental capacity available for this operational period is 1.2 BCF/d.
- Operational Period 3 facilities will include approximately 52,800 Hp of additional compression. Period 3 is expected to be available for service between Q4 of 2026 and Q1 of 2027 and will be able to provide service for 5.4 Bcf/d of transportation capacity on the Pipeline on a nominal basis. The incremental capacity available for this operational period is 0.8 BCF/d

**Foundation Shipper previous subscription and remaining available capacities**

Operational Period	Design Capacity <sup>1</sup>	Foundation Shipper Subscribed Capacity	Term <sup>2</sup>	Incremental Available Capacity <sup>3</sup>
	BCF/D	BCF/D	Years	Dth/D <sup>4</sup>
1	3.1	2.4	20	700,000
2	4.4	3.2	20	1,200,000
3	5.4	4.6	20	800,000

<sup>1</sup> Nominal capacity

<sup>2</sup> Term – begins on the date of in-service of each operational period

<sup>3</sup> Available transportation capacity for a primary term of no less than 5 years and up to 20 years for volumes up to 700,000 Dth/d at either negotiated and/or tariff rates depending upon the capacity subscription requested. For volumes above 700,000 Dth/d, and up to the maximum available capacity per Operational Period, those volumes can be subscribed for the period of their availability.

<sup>4</sup> One dekatherm or “Dth” is equal to 1,000 cubic feet of gas (1 Mcf) with an anticipated heating value of 1,029 Btu

## Project map



Note: All locations are approximate. This is a preliminary map intended for project overview purposes only



### Supply and points of receipt

DWPL is proposing to construct up to 12 meter stations along its proposed Project route. Each meter is proposed to provide connectivity between existing markets and natural gas storage and pipeline facilities located in the general vicinity of the Project. Detailed below are the anticipated interconnects and associated expected in-service dates.

Potential interconnect points	Anticipated in-service date
<b>Primary delivery points</b>	
Driftwood LNG Facility <sup>1</sup>	December 2024
<b>Potential bi-directional points</b>	
Texas Eastern Transmission Company (“TETCO”)	December 2024
Acadian Pipeline (“Acadian”)	December 2024
Trunkline Pipeline (“Trunkline”)	December 2024
Transcontinental Gas Pipeline (“Transco”)	December 2024
LA Storage Pipeline (“LA Storage”)	December 2024
Tennessee Gas Pipeline (“TGP”)	December 2024
Gulf South Pipeline (“Gulf South”)	December 2024
Florida Gas Transmission (“FGT”)	December 2024
Cameron Interstate Pipeline System (“Cameron”)	December 2024
Creole Trail Pipeline (“CTPL”)	December 2024
<b>Potential receipt points</b>	
Louisiana Energy Access Project Pipeline (“LEAP”)	December 2024

<sup>1</sup> Interconnect/tie-in will be with facilities located within a previously reviewed and approved meter station site within the footprint of the Driftwood LNG facility.



**Foundation Shipper status:**

DWPL has secured a Foundation Shipper for the Project.

The Foundation Shipper enjoys benefits such as: contract extension rights, enhanced and redundant receipt and delivery points, most favored nations benefits, a right of first refusal for any volumes up to the maximum design capacity and any short-term firm capacity that becomes available due to ambient conditions, ramp-up and ramp-down rights, the right to require that DWPL hold a future Binding Open Season to solicit bids to increase the capacity of specific portions of the Project and other benefits negotiated on a not-unduly discriminatory basis.

**Anchor Shipper status:**

DWPL is offering Anchor Shipper status to prospective shippers. An Anchor Shipper shall be a shipper who has executed a binding precedent agreement for a minimum of 100,000 Dth/d for any of the three Operational Periods that obligates it to enter into an FTS Agreement with DWPL for a minimum term of five years. Anchor Shipper status will be awarded as part of the following minimum quantities:

Operational Period	Estimated Available Capacity <sup>1</sup>	Minimum Anchor Shipper quantity	In-service
	Dth/D <sup>2</sup>	Dth/D <sup>2</sup>	
1	700,000	100,000	December 2024
2	1,200,000	100,000	Second half of 2026
3	800,000	100,000	Between Q4 of 2026 and Q1 of 2027

<sup>1</sup> Available transportation capacity for a primary term of no less than 5 years and up to 20 years for volumes above 700,000 Dth/d at either negotiated and/or tariff rates depending upon the capacity subscription requested. For volumes above 700,000 Dth/d, and up to the maximum available capacity per Operational Period, those volumes can be subscribed for the period of their availability.

<sup>2</sup> One dekatherm or “Dth” is equal to 1,000 cubic feet of gas (1 Mcf) with an anticipated heating value of 1,000 Btu

Anchor Shippers will enjoy benefits such as: contract extension rights, enhanced and redundant receipt and delivery points, a right of refusal for any volumes up to the maximum design capacity and any short-term firm capacity that becomes available due to ambient conditions (secondary to the rights of the Foundation Shipper), ramp-up and ramp-down rights, the right to require that DWPL hold a future Binding Open Season to solicit bids to increase the capacity of specific portions of the Project and other benefits negotiated on a not-unduly discriminatory basis.

**Contract term**

DWPL reserves the right to reject bids that provide a contract term of less than five years.

**Length of Binding Open Season**

Start: Tuesday December 14, 2021 at 12:00 pm CST

End: Friday January 14, 2022 at 4:00 pm CST



## Participation in the Supplemental Binding Open Season

To participate in this supplemental Binding Open Season, interested shippers desiring firm transportation service on the Project must submit a Binding Open Season Transportation Request Form (attached) signed by a duly authorized representative of the requesting shipper, prior to 4:00 PM CST on Friday January 14, 2022. Specific attention should be paid to the primary term of service, service commencement date by period, total firm capacity requested on a per period basis (expressed as Maximum Daily Transportation Quantity or “MDTQ”), and desired receipt and delivery point combinations.

After the close of this Binding Open Season, DWPL will follow-up with interested parties to enter into a Confidentiality Agreement and to initiate the negotiation of a PA, as well as to determine next steps with respect to development and construction of the Project.

## Rates

Shippers who subscribe to the Project will be subject to the maximum recourse rate set forth in DWPL’s tariff as approved by FERC, unless the shipper has Foundation or Anchor status, in which case the rate may be a Negotiated Rate pursuant to section 6.30 of the General Terms and Conditions of the tariff.

## Retainage, surcharges and fuel

In addition to the tariff rates, shippers will pay all applicable surcharges as allowed and approved by FERC, and will be responsible for the applicable compressor fuel and/or electric power charges under DWPL’s Rate Schedule as provided in DWPL’s then effective FERC Gas Tariff.

	Period 1	Period 2	Period 3
Estimated Annual Electric Cost	\$40,145,000	\$40,145,000	\$53,527,000
Daily Electric Cost	\$110,000	\$110,000	\$147,000
\$/Dth <sup>1</sup>	\$3.00	\$3.00	\$3.00
Gas Equivalent (Dth/d)	36,700	36,700	48,900
Pipeline Capacity (Dth/d)	3,100,000	4,500,000	5,400,000
Gas Fuel Equivalent	1.18%	0.82%	0.92%
Estimated LAU	0.25%	0.25%	0.25%

<sup>1</sup> Gas fuel equivalent will adjust depending on gas price. The above fuel percentages assume \$3 per Dth for the life of the project



## **Bid evaluation criteria**

DWPL will evaluate bids on a net present value (“NPV”) basis and take into consideration the total scope and cost impact on the Project economics as determined by DWPL. DWPL reserves the right to reject and remove from consideration non-conforming bids, or bids that do not conform to the periods as provided above or that include other contingencies unacceptable to DWPL, including bids that require a contract with a partial-year term, or bids that fail to meet the minimum terms set forth above with regard to contract term, or any other economic criteria which could adversely affect the economics or operational viability of the Project. DWPL reserves the right to define and maintain the economic viability of the Project in its sole discretion. DWPL retains the right and expects to enter into negotiations during this Binding Open Season with those parties who express an interest in the Project.

If DWPL receives acceptable bids for capacity in excess of the actual amount of available capacity and beyond the initial scope as defined herein, then the capacity may be allocated based on shipper status or as further defined below.

Upon receipt of all timely submitted Binding Open Season Transportation Request Forms, DWPL will evaluate the total capacity requested and if necessary, make an initial allocation under the process described below. DWPL, in its sole discretion, may:

- (i) The foundation shipper who subscribed to the initial volume under the original Binding Open Season will not be subject to pro ration for the amount of its capacity by period. Any additional volumes nominated as part of this supplemental Binding Open Season will be subject to pro ration similar to the Anchor shippers.
- (ii) revise the scope and/or capacity of the Project;
- (iii) evaluate and award capacity based upon the shipper status, with priority given to those shippers whose bids qualify them to be Anchor Shippers;
- (iv) in the event of equal bids that together exceed available capacity, work with the shippers to voluntarily reduce or revise their requested reservation volume and Project path quantities, as applicable;
- (v) allocate the available firm transportation capacity under the Project; or
- (vi) determine not to pursue the Project.

If DWPL allocates the additional available firm transportation capacity under the Project, then the capacity will be allocated first to those who qualify as Anchor Shippers, with capacity among the Anchor Shippers being allocated, if necessary, on a NPV basis, and then on a pro rata basis. Any remaining capacity will be allocated to other requesting shippers providing bids with the highest NPV.

If two or more acceptable bids are of equivalent NPV and shipper status, then the capacity will be allocated pro rata among those bidders, unless the affected bidders have elected not to have their bids prorated (as indicated on their Binding Open Season Transportation Request Form(s)).

In the event that a final allocation occurs, DWPL will provide notice to each shipper of its allocation and Project path quantities, if any, within 15 days of the closing of the Binding Open Season.

Requests received by DWPL after the close of the Binding Open Season period may be accepted or rejected by DWPL on a not unduly discriminatory basis.

Shippers are responsible for securing their own transportation arrangements on pipelines and other facilities upstream and downstream of the Project. Shippers will also be responsible for confirming the availability of their requested receipt and delivery points with the point operators as well as the pressure requirements to deliver into or receive gas from the DWPL system. Please note that the individual receipt and delivery meter capacities in





most cases could be more or less than the firm transportation capacity under the Project.

DWPL reserves the right to reject any requests for service on the Project on a not unduly discriminatory basis.

Although this is a supplemental Binding Open Season, DWPL reserves the right, in its sole discretion, to consider requests for capacity received after the close of the supplemental Binding Open Season period but before the start of construction, including requests to modify a participant's validly submitted bid, but shall be under no obligation to do so.

These procedures and the attached supplemental Binding Open Season Transportation Request Form are provided solely to enable interested parties to participate and attempt to obtain an award of capacity.

DWPL's decision to proceed with the proposed Project is subject to DWPL securing a Final Investment Decision from its and its parent company's Board of Directors.

### **DWPL contact information**

If any interested party has questions or desires additional forms or information concerning this notice and Binding Open Season, please contact:

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