

US gas export pioneers forced to sell shares amid market slump



Two pioneers of the U.S. natural gas export industry were forced to sell shares of the company they founded amid a global market rout and concern that a key supply deal won't be finalized.

Tellurian Inc. Chairman Charif Souki and Vice Chairman Martin Houston sold 4 million and 3.4 million shares respectively, according to filings late Friday. In both cases, the transactions were forced by a lender to satisfy loan requirements, the filings show. Tellurian declined to comment.

Shares of the company, which is trying to develop a \$28 billion liquefied natural gas terminal in Louisiana, plunged

by more than half on Friday to close at \$1.80. The total weekly decline was 72%.

India's Petronet LNG Ltd., a potential major customer that Tellurian has courted, announced earlier this week it would seek competing offers. The move highlights the mounting pressure on sellers amid a worldwide glut, and adds to doubts that Tellurian will be able to secure a sizable anchor investment from Petronet for its Driftwood LNG project. The Petronet news also dashed hopes that the two companies might finalize a supply agreement during President Donald Trump's visit to India this week.

The coronavirus outbreak, meanwhile, sent global markets spiraling lower, adding to Tellurian's woes. The epidemic has hit China, South Korea and Japan, the world's biggest LNG importers, particularly hard.

"Continued commercial slippage, mounting liquidity concerns, and the broader market de-risking have combined to price-in the new economic reality for Tellurian: It's not going to make it," Michael Webber, managing partner at Webber Research & Advisory LLC, wrote in a note to clients Friday.

Tellurian said Thursday it had extended a memorandum of understanding with Petronet by two months to May 31. Under the memorandum, Petronet agreed to negotiate the purchase of as much as 5 million tons a year of LNG from Driftwood, along with an equity investment.

Collapsing LNG prices in Asia and Europe have squeezed profits for American gas exporters, already under pressure after China halted U.S. imports of the fuel a year ago amid trade tensions. Without commitments from Chinese buyers, some American export projects may be delayed or canceled.

Souki is the founder of Cheniere Energy Inc., the biggest U.S. LNG exporter, and served as its boss before being forced out. Houston was chief operating officer at BG Group Plc and was the key architect of its LNG business. BG, which has since

been acquired by Royal Dutch Shell Plc, signed the first purchase agreement with Cheniere in 2011.

Souki is worth about \$500 million, according to the Bloomberg Billionaires Index. That's largely from collecting money from shares sales of Cheniere.