

Chairman Raskin, Ranking Member Sessions, and members of the subcommittee, my name is Christopher Smith and I am the Senior Vice President for Policy, Government and Public Affairs at Cheniere Energy.

Cheniere is the largest exporter of liquefied natural gas in the United States, and the second largest LNG operator in the world. Since we began operations in 2016, we've helped countries and companies around the world meet their economic and environmental goals. Our product has helped to displace dirtier fuels like coal, cleaning the air and cutting carbon emissions, while also providing a secure, flexible, and affordable source of energy that better enables the deployment of renewable energy.

Meanwhile, the American energy infrastructure we are building represents a more than \$30 billion investment, creating thousands of jobs and supporting suppliers across the country.

One of the infrastructure projects we have undertaken is the Midship Pipeline, an approximately 200-mile natural gas pipeline in the State of Oklahoma. Unlike our other typical projects, it is not connected to our facilities or directly to our LNG production, but rather is a separate investment in the larger natural gas transportation system, providing access to new markets for Oklahoma's abundant natural gas.

I'd like to give some perspective on what we have done to date and on the real progress we are making right now to complete restoration work and reach fair resolutions with landowners.

Since this project was announced, we have worked to proactively engage with landowners – and over 1,000 stakeholders in total – so they are informed, involved and heard throughout the process. During the FERC pre-filing process, we held multiple open house meetings along the route and invited landowners to come learn more about the proposed project, review proposed route maps and have initial conversations with right-of-way specialists. During development and construction, a number of route modifications were made based on feedback and concerns from landowners.

Because of that work, we have enjoyed a positive relationship and two-way dialogue with the overwhelming majority of our landowners throughout this project and have been able to quickly address concerns. There were issues related to direct communications with certain landowners for a period during development and construction that were resolved at the end of 2020. Since that time, significant progress has been made and resolutions reached.

In the Spring of 2019, the project faced the challenge of historic rainfall in Oklahoma. Central Oklahoma experienced a 337% increase in rainfall in May, marking the most rain to ever fall in the state during that period. This unprecedented weather presented unique challenges and forced changes in the construction timeline as well.

Midship Pipeline was placed in service in April of 2020 and has operated safely during that time. At the time the project was placed in service, there was outstanding restoration work to be completed. We have actively worked to engage with landowners to address that restoration.

Accordingly, I'd like to give you an update on the progress we have made recently -- especially since the March 18 order from FERC -- and what we expect to do to resolve all outstanding issues and restore land. I want to assure the committee that we are doing everything we can to resolve these remaining issues identified in the Order and we have a dedicated team working around the clock to do so. In fact, today we have several members of the team in Oklahoma meeting face-to-face with landowners, as we have been doing throughout the life of the project.

I will start with physical land restoration efforts. Just to give the committee perspective, the Midship Pipeline project consists of approximately 200 miles, and today we are talking about approximately 21 miles identified in the FERC Order that require restoration.

Restoration crews were largely demobilized at the end of 2020 for a few months, as winter weather conditions are not suitable for proper restoration work and we wanted to avoid the potential for damage through that process. We planned to mobilize those crews in the Spring when the ground thawed to complete remaining restoration, and that course of action was discussed with FERC and formally submitted at the end of 2020. Those crews were mobilized in March and April as planned, and we subsequently added several additional site visits and restoration crews across the tracts identified in the order.

Midship has engaged in FERC's voluntary third-party compliance program whereby FERC monitors have been on the ground reviewing our work throughout construction and restoration, along with our environmental inspectors and those retained directly by landowners. We currently anticipate meeting all of our restoration obligations under the Order by the May 17 deadline, with the important caveat that alternate arrangements are being pursued where there is a delay due to conditions in the field – such as crop harvesting or weather – or where Midship and the landowners have mutually agreed to an extension of time, or otherwise. Weekly reports, including any potential alternate arrangements, are being provided to FERC.

For those landowners who wish to self-perform the restoration, we are open to those discussions on an appropriate scope of work and value. Since early this year, we have proactively engaged landowners regarding the opportunity for self-performance of restoration work and have reached multiple agreements for self-performance. We continue to have those discussions as we speak on a parallel path with our physical restoration efforts. However, we won't delay our restoration work on any tract unless warranted, such as an agreement to self-perform being reached prior to scheduled restoration activity. It is imperative for our crews to do everything practicable to maintain the schedule in order to meet the May 17 deadline.

Ahead of the March FERC Order, we voluntarily entered into FERC's valuable Alternative Dispute Resolution process, known as ADR, with an identified set of landowners where direct discussions had not produced agreements. This process has yielded success and we have since entered into ADR with many additional landowners with whom direct discussions had stalled. In addition, we have engaged in dozens of bilateral settlement discussions with landowners and their representatives, both in person and virtually, which have also resulted in successful resolutions. We believe that all counsel involved would agree these discussions have been and are currently proceeding in good faith.

There is a clear path forward that all parties are following to meet the goal of completing remaining restoration work identified in the FERC Order or reaching alternative arrangements in compliance with relevant FERC requirements. The details of many of these discussions and resolutions are confidential under privilege, which is a mutual agreement with landowners' counsel and FERC's ADR office. So while I will do my best to address the overall progress we have made, I won't jeopardize the productive process we have established by improperly breaching its confidentiality.

We understand and take seriously the concerns voiced by specific landowners, as well as this committee. I hope this update helps the committee see that Midship hears those concerns and is taking all reasonable steps available to remedy and resolve the remaining challenges as part of our responsibility to landowners.