Exhibit 11

Natural Gas Intelligence, Bechtel Adapting to Workforce Shortage While Tackling Bevy of LNG Projects in Tight Labor Market (March 16, 2023); Reuters, Rising US labor costs threaten to derail new LNG projects (June 24, 2024).

Daily Gas Price Index   Infrastructure   LNG

Bechtel Adapting to Workforce Shortage While Tackling Bevy of LNG Projects in Tight Labor Market

By Jacob Dick on March 16, 2023 at 8:08 p.m.

As U.S. LNG producers continue to progress a bevy of Gulf Coast export projects to meet global demand for natural gas volumes, Bechtel Energy President Paul Marsden said the engineering firm is focusing on innovative solutions for the region's ballooning labor issues during the next wave of infrastructure build-out.

Help

Paul Marsden, President of Bechtel Energy

Source: Bechtel Corp.

Over the past few decades, Virginia-based Bechtel has been responsible for the construction and installation of around one-third of the world's liquefied natural gas production capacity. Since 2018, Bechtel has completed 17 LNG trains, most of which have been large-scale projects.

Along with the developing projects Bechtel currently has in its pipeline, the global energy crisis that sparked off last year has also helped spur oil and gas infrastructure projects across the Gulf Coast that could keep workers busy through the decade.

With construction unemployment near an all-time low and skilled trades experiencing a shortage of workers, labor has grown as an inflationary concern for project developers. Those pressures could also be changing priorities and placing renewed urgency on expansions for some LNG producers, Marsden said.

NGI: Can you talk about the general project environment on the Gulf Coast right now in terms of the scope of work Bechtel has planned over the next couple of years?

Marsden: We're underway at Corpus Christi Stage Three, and we're in the earthworks part of the project. The first concrete is being poured on site and it's not going to be long before we start to see steel, pipe and equipment and what looks like a facility. We're also underway with Tellurian Inc. on the Driftwood LNG project. It's on a limited release now, but a similar scope with earthwork, pilings, concrete and foundations.

But what's right in front of us now is Port Arthur LNG. That's going to have 5000 or so people at the peak of the job, but that's not the number of people we will employ. The number of people we will employ will probably be between two-and-a-half or three times that number when you look at all of the individual trades that are going to be coming into the project. And then we also have NextDecade Corp.'s Rio Grande LNG. They're also coming close to a financial close.

We like to manage our workforce consistently across the U.S. Gulf Coast, because it's a better experience for the workers. They don't have to wonder if they are dealing with one Bechtel or multiple Bechtels. That's really important for us and, frankly, the best way that we can manage our workforces is to give people career choices and longevity, not just a job.

NGI: What are some of the expectations for the labor force to complete these projects on time? For example, will the workforce have to grow through the middle of the decade?

Marsden: We start with people that we know that we have established relationships with, that have worked with us before. They, too, have their following of people, so as soon as we bring in the frontline leadership, they bring in a selection of folks with them. That's a key tactic for us. We know a lot of people on the Gulf Coast. We've hired a lot of people and given them great opportunities, so that's the first place we go to.

One of the things that we want to do, obviously, is to source the workloads from the local community and put the opportunity back in to the extent that we can, and sometimes that means there's an imperfect match between what's available versus what we need. We partner with local community colleges for upskilling programs for piping trades, welding trades. With electricians, there is certainly a huge, huge area of shortage globally, not just for us or on the Gulf Coast, but worldwide. We're going to be investing in that training and the upskilling and development both in the classroom and in the trade schools.

With a good healthy backlog of work, potentially seven to 10 years if this LNG wave shapes up the way that we’re thinking, it could be very appealing to look for more longevity and predictability in employment. We think it makes people want to stay with us and that’s what we strive to achieve.

NGI: Has the Covid-19 pandemic presented ongoing challenges for labor and supplies?

Marsden: I don't know that Covid has actually had too great of an effect on the construction workforce. We didn't stop construction at all at any of our facilities during the pandemic. But, what did happen, was people figured out that they had more choices. When we start thinking about the person we didn't have employed that could potentially work with us and try to establish that relationship with them, they may have different considerations for what they want to do now.

That’s influenced us to broaden who we are looking for. For example, there are several veterans organizations that we're partnered with here on the Gulf

Coast, because there is just a tremendous fit between our ex-military personnel and the type of work that we do. Many veterans come into the organization, they thrive in the workforce and some of them grow through to executive management positions.

NGI: Could you talk a bit about how inflationary impacts on materials and the tight labor force are impacting project costs?

Marsden: There's actually a lot of analogies that could be made, as the labor market is not dissimilar to a commodities market, in that it is driven by supply and demand. We have about a 4% unemployment rate in the construction industry, which is the second lowest rate ever, and I think the lowest is probably only a little bit more than what we're seeing now. So, the workforce participation rate is almost as high as we've ever seen. For anybody who can work, they're employed, but the dynamics of what we're seeing today are different than other tight markets in the past.

Big tech is being welcomed to Texas by the governor. Tesla is building gigafactories and Space X is growing here. There is a new draw on the workforce which is different from what we dealt with 10 years ago, or at least it was far more modest then. Big tech is paying big money. One thing the pandemic taught people was an appreciation for taking stock about their personal choices, and in terms of work, that has created new competition we haven't previously experienced.

All of this, of course, leads to inflationary pressure on wage rates, conditions on per diems. All the things that construction professionals seek in a compensation package are going to be different going forward.

NGI: Over the past few months, companies like Sempra Infrastructure have said demand for LNG and the competition for resources means they might try simultaneous construction for projects like Port Arthur LNG that have two phases. How common do you think this will become among similar projects?

Marsden: I think that's very individual to those companies. Now, I can use an example of Cheniere Energy Inc. We've been building continuously for Cheniere now for over 20 years and that was a strategic decision they made. If you start building and then keep expanding, there's an efficient progression of the work. Part of that is Cheniere recognized there is value from doing that, both from the supply chain and the continuity of work. From our point of view, that means people can grow and develop after new assignments. In turn, that comes right back to us as a benefit because you can go faster and harder when you're working with well-informed people that have gained experience with you over several projects.

That's certainly the same conversation we're having with Sempra on Port Arthur and their vision, which they've been clear about in their earnings. We see it in other places with developers that may be a little earlier in their project lifecycles.

NGI: What do you think about the idea that there is a ceiling to the number of projects on the Gulf Coast that can feasibly be built at one time?

Marsden: I think that there is a finite amount of resources, but I would talk about resources in pretty broad terms. With the human resources aspect, there is a very finite number of people to make up the workforce, but there is also a finite amount of capital available to flow into these facilities. You could say there is a natural limitation to the number of projects that may be built, but what is that number?

I don't necessarily have a strong view on that. We have our own views of what our capacity limitations are, which is very, very important to us, in terms of our reputation. When it comes to delivering LNG projects our reputation is everything. We're mindful of keeping our eye on ourselves, but also keeping in mind there are external influences that we may have to consider. Some of them, like capital markets, don't directly affect us, but human resources obviously do. We're a service business. If we don't have the people, we can't build the facilities.

Editor's Note: This segment is one in a regular series by NGI's LNG Insight. Conversations with experts explore news and issues throughout the global LNG market that matter most to the industry in North America and beyond. Excerpts have been edited for brevity and clarity.

Jacob Dick

Jacob Dick joined the NGI staff in January 2022 and was promoted to Senior Editor, LNG in February 2024. He previously covered business with a focus on oil and gas in Southeast Texas for the Beaumont Enterprise, a Hearst newspaper. Jacob is a native of Kentucky and holds a bachelor's degree in journalism from Western Kentucky University.

jd_journalism
jacob.dick@naturalgasintel.com

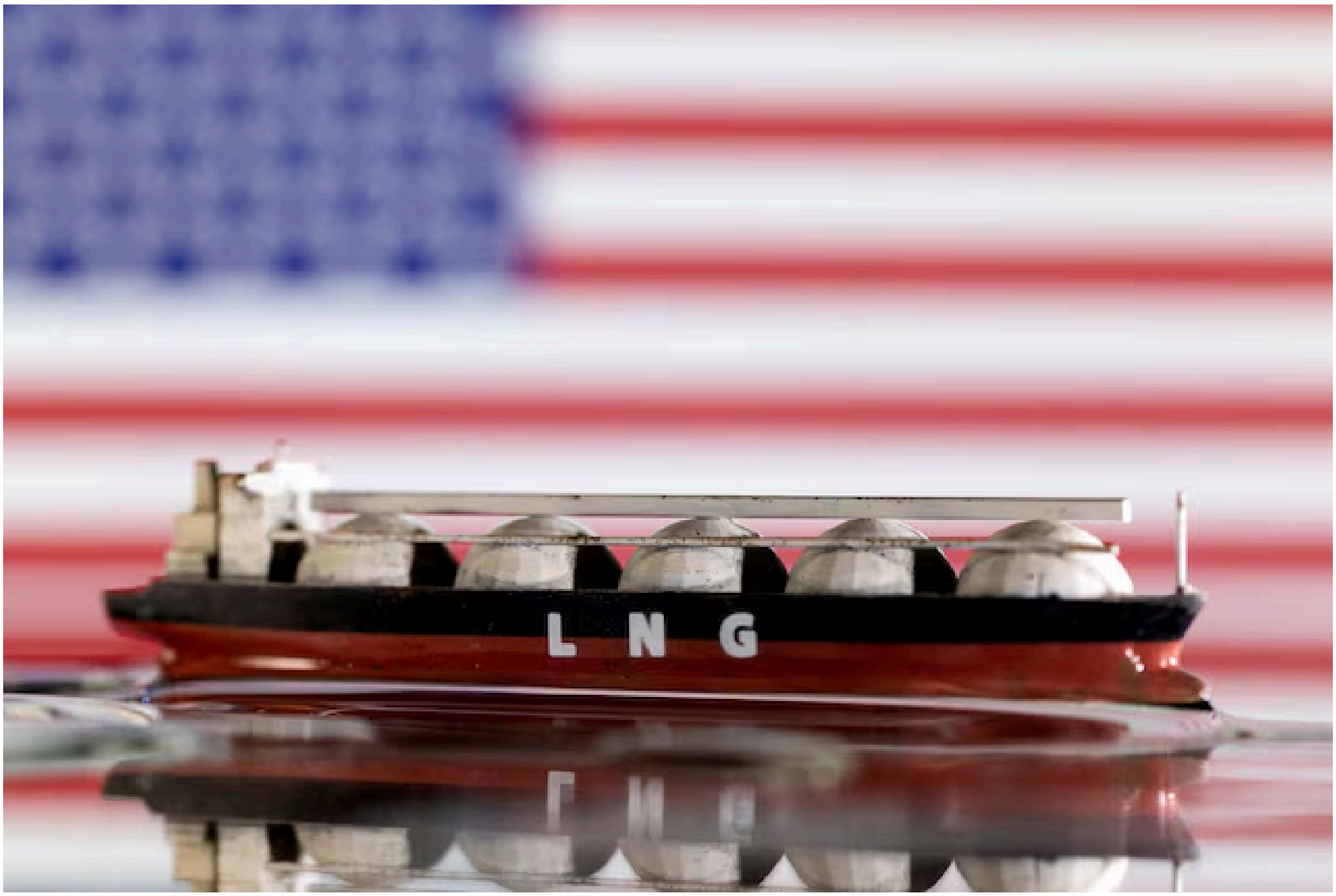
Sustainable Finance & Reporting | Worker Rights | Grid & Infrastructure | Exploration & Production | LNG

Rising US labor costs threaten to derail new LNG projects

By Curtis Williams

June 24, 2024 3:19 PM CDT · Updated 2 months ago

Aa



Model of LNG tanker is seen in front of the U.S. flag in this illustration taken May 19, 2022. REUTERS/Dado Ruvic/Illustration/File Photo *Purchase Licensing Rights*

Companies

Cheniere Energy Inc

Follow

Exxon Mobil Corp

Follow

HOUSTON, June 24(Reuters) - A shortage of skilled labor and nagging inflation from strong wage growth on the U.S. Gulf Coast are pressuring liquefied natural gas (LNG) developers and delaying some projects from reaching a financial go-ahead.

There are five LNG plants under development in Texas and Louisiana and 16 others on the drawing board in the U.S. looking to secure investment and customers. The five under construction would add a combined 86.6 million metric tons per annum (MTPA) of the superchilled gas, enough to keep the U.S. as the world's largest exporter for years to come.

With labor costs jumping as much as 20% since 2021, busting construction budgets and squeezing projected returns for those firms still trying to attract new investors, the fate of some of the early projects has become less certain.

Work at Golden Pass LNG, one of the largest U.S. projects, largely halted after its main contractor ran $2.4 billion over the original budget and filed for bankruptcy. Sempra LNG (SRE.N) has revisited selecting Bechtel Corp to build its Cameron LNG expansion project to reduce costs, and it has reduced its stake in a Texas project, Port Arthur LNG, on higher construction costs.

NextDecade (NEXT.O), which is building the first phase of its $18 billion Rio Grande LNG export terminal, achieved a greenlight after recruiting new investors that reduced its original investors' stake after engineering, procurement and construction (EPC) costs rose, analysts said.

EXTRA PAY

Behind the struggles are costs that skyrocketed after the COVID-19 pandemic. Contractors have raised wages for skilled workers by as much as 20% in three years, and in some cases are having to pay a per diem rate to retain them, said Travis Woods, president of Gulf Coast Industrial Group, which represents over 1,500 contractors in Texas and Louisiana.

"Welders, pipefitters and electricians for sure are demanding more to keep them on the job. Per diem in some cases are paid to everyone on the project no matter where they live," Woods said.

The five plants had on site in excess of 20,000 employees up until Golden Pass LNG's prime contractor Zachry sent home 4,000 workers, according to regulatory filings by the companies and company statements over the last three months.

Venture Global LNG, which has Zachry helping build its Plaquemines plant in Louisiana, said the modular nature of the projects has "insulated us from the significant labor and inflationary challenges that have impacted other projects," said a spokesperson.

Data from the U.S. Bureau of Labor and Statistics show wages for construction workers in the oil and gas pipeline sectors increasing in Louisiana, where many of the new U.S. plants are being built, by 19% in 2023 compared to 2022.

"Welders and pipefitters are being offered up to $60 an hour and a sign-on bonus, if they agree to stay through completion," added Woods.

Data from LNG research and consulting firm Rapidan Energy Group show that between 2021 and 2023 EPC contracts for new LNG plants increased between 18% and 25%.

Bechtel Corp, which is the largest U.S. LNG plant contractor and a Zachry rival, declined comment on the situation.

The Reston, Virginia-based contractor has been the preferred builder for top U.S. LNG exporter Cheniere Energy (LNG.N), delivering projects using largely lump-sum, turnkey EPC contracts.

EPC contractors may look to reduce the scope of their contracts and make more elements cost reimbursable, to lessen the risks, according to Poten & Partners, a LNG shipping and consulting company.

"EPC contractors may now be factoring in a 30% to 40% increase into their lump-sum turnkey contracts," it said in a note last month.

> The Reuters Power Up newsletter provides everything you need to know about the global energy industry.
> Sign up here.

Reporting by Curtis Williams in Houston; Editing by Josie Kao