

DOWNEAST LNG, Inc.
P.O. Box 1
Robbinston, Maine 04671

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April 27, 2016

SENT VIA EMAIL
fergas@hq.doe.gov

John Anderson, Director
U.S. Department of Energy (FE-34)
Office of Fossil Energy
Office of Oil and Gas Global Security and Supply
P.O. Box 44375
Washington, D.C. 20026-4375
Attention: Natural Gas Reports

**Re: DOWNEAST LNG IMPORT-EXPORT PROJECT
FE DOCKET NO. 14-172
DOE/FE ORDER NO. 3600
SEMI-ANNUAL REPORT FOR APRIL 1, 2016**

Dear Mr. Anderson:

On March 6, 2015, the Department of Energy, Office of Fossil Energy (DOE/FE) issued an order granting Downeast LNG (DELNG) authorization to export over a 20-year period 168 Bcf/year of LNG from its proposed terminal in Robbinston, Maine, to nations with a Free Trade Agreement (FTA) with the United States (FE Docket 14-172-LNG; FOE/DOE Order No. 3600).

Ordering Paragraph "J" of FOE/DOE Order No. 3600 states:

"DELNG shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the DELNG Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the proposed DELNG Project, the date the facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts."

DELNG hereby submits its Semi-Annual Report for April 1, 2016 as outlined in FOE/DOE Order 3600.

DOWNEAST LNG, Inc.

P.O. Box 1

Robbinston, Maine 04671



Should you have any questions regarding this matter please feel free to contact the undersigned at (914) 954-7566.

Sincerely,

A handwritten signature in black ink, appearing to read 'RC Wyatt', is shown within a rectangular frame.

Robert C. Wyatt
Environmental Affairs,
Downeast LNG

Enclosure



**DOWNEAST LNG IMPORT-EXPORT PROJECT
ROBBINSTON, MAINE**

SEMI-ANNUAL REPORT FOR APRIL 1, 2016

Prepared for:
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
DOE/FE ORDER NO. 3600

APRIL 1, 2016

DOWNEAST LNG
SEMI-ANNUAL REPORT FOR APRIL 1, 2016

INTRODUCTION

On March 6, 2015, the DOE issued an order granting Downeast LNG (DELNG) authorization to export over a 20-year period 168 Bcf/year of LNG from its proposed terminal in Robbinston, Maine, to nations with a Free Trade Agreement (FTA) with the United States (FE Docket 14-172-LNG; FOE/DOE Order No. 3600).

Ordering Paragraph “J” on page 12 of DOE Order No. 3600 (the Order) states:

“DELNG shall file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the DELNG Project. The reports shall be filed on or by April 1 and October 1 of each year, and shall include information on the progress of the proposed DELNG Project, the date the facility is expected to be operational, and the status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts.”

Background and Status

On December 22, 2006, Downeast LNG submitted an application to FERC for authorization to site, construct, and operate the Downeast LNG Import Project (“December 22 Application”) in Docket Nos. CP07-52-000, CP07-53-000, and CP07-53-001. On May 15, 2014, FERC published a Final Environmental Impact Statement, which concluded that the Downeast LNG Import Project “would result in some adverse environmental impacts,” but that “most of these impacts would be reduced to less-than-significant levels with the implementation of Downeast LNG’s proposed mitigation measures and the additional mitigation measures” recommended by FERC.¹

During the pendency of the Downeast LNG Import Project before FERC, the U.S. natural gas supply outlook changed dramatically and Downeast LNG elected to

¹ FERC, Downeast LNG Project: Final Environmental Impact Statement, FERC\EIS: 0231F ES-7, Downeast LNG, Inc. & Downeast Pipeline, LLC, FERC Docket Nos. CP07-52-000, CP07-53-000 & CP07-53-001 (May 15, 2014) [hereinafter Downeast LNG FEIS].

amend its original project proposal to include an LNG export capacity. On July 22, 2014, Downeast Liquefaction, LLC, Downeast LNG, Inc., and Downeast Pipeline, LLC (together, "Downeast LNG") requested that FERC initiate its National Environmental Policy Act ("NEPA") pre-filing review for their proposed Export Project. The proposed Downeast LNG Export Project would convert Downeast LNG, Inc.'s and Downeast Pipeline, LLC's pending liquefied natural gas ("LNG") import terminal and sendout pipeline (together, the "Downeast LNG Import Project") into a bidirectional import- export LNG terminal and pipeline ("Downeast LNG Import-Export Project") capable of producing 3 million metric tonnes per annum ("mtpa") of liquefied natural gas ("LNG") and 100 million standard cubic feet per day ("mmscfd") of regasified LNG.

On August 11, 2014 the Federal Energy Regulatory Commission (FERC) approved Downeast LNG's request to use the Pre-Filing NEPA review process for its proposed addition of LNG export capacity (FERC Docket PF14-19-000).

Downeast LNG is presently in the Pre-Filing NEPA review process at FERC and is preparing a number of Resource Reports evaluating potential impacts that could be associated with the addition of an LNG export capacity.

Date of Expected Facility Operations

The Downeast LNG Project is presently in FERC review and subsequent to the review, will initiate a multitude of other federal, state and local permitting programs. Following the acquisition of all required permits, Downeast LNG would initiate facility construction that is anticipated to require 36-42 months. Given these pre-operational milestones, it is not currently anticipated that facility operations involving the export of LNG would start until the year 2023 or 2024.

Gas Supply and LNG Export Contract Status

Downeast LNG is presently negotiating with various companies regarding natural gas supply and the export receipt of LNG.