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U.S. Department of Energy (FE-34)
Office of Fossil Energy
Office of Natural Gas Regulatory Activities
P.O. Box 44375
Washington, DC 20026-4375
Attention: Natural Gas Reports

**Re: Magnolia LNG LLC
DOE Semi-Annual Report
DOE/FE Order No. 3245, FE Docket No. 12-183-LNG
DOE/FE Order No. 3406, FE Docket No. 13-131-LNG**

To: Office of Natural Gas Regulatory Activities

Pursuant to Ordering Paragraph I of DOE/FE Order 3245 and Ordering Paragraph J of DOE/FE Order No. 3406, please accept this progress report for Magnolia LNG LLC ("Magnolia LNG"). This report covers the period from April 1, 2015, through September 30, 2015. Consistent with Ordering Paragraphs I and J, respectively, Magnolia LNG will continue to file semi-annual reports with the Department.

Any questions regarding this correspondence may be directed to the undersigned at 202.772.9178 or sandra.safro@klgates.com.

Best regards,

/s/ Sandra E. Safro
Sandra E. Safro
Counsel for Magnolia LNG LLC

Enclosure

Magnolia LNG LLC
FE Docket Nos. 12-183-LNG and 13-131-LNG
DOE/FE Order Nos. 3245 and 3406
Semi-Annual Report
Period Ending September 30, 2015

Progress of the Proposed Magnolia LNG Terminal

The regulatory permitting process for the Magnolia LNG Terminal continues to progress. As outlined in prior Semi-Annual Reports dated April 2, 2015, and October 7, 2014, Magnolia LNG LLC (“Magnolia LNG”) filed its formal application under Section 3 of the Natural Gas Act with the Federal Energy Regulatory Commission (“FERC”) on April 30, 2014, after completing FERC’s mandatory pre-filing process for LNG facilities. Kinder Morgan Louisiana Pipeline LLC (“KMLP”) filed an application with FERC to construct the facilities necessary to deliver natural gas to the Magnolia LNG project on June 30, 2014.

FERC continues its environmental and safety review of the Magnolia LNG terminal and KMLP pipeline facilities. On April 30, 2015, FERC issued its Schedule for Environmental Review (“SER”) stating that it plans to issue a Final Environmental Impact Statement (“FEIS”) on November 16, 2015. In keeping with this schedule, FERC Staff published a Draft Environmental Impact Statement (“DEIS”) on July 17, 2015. In the DEIS, FERC concluded that although the project may result in adverse environmental impacts, implementing the mitigation measures proposed by both Magnolia LNG and FERC Staff would reduce the impacts to “less-than-significant” levels. Magnolia LNG expects that FERC will issue its FEIS by the date set in the SER, November 16, 2015.

Magnolia LNG has achieved several milestones in the design and engineering of the Magnolia LNG Terminal. As described in the Semi-Annual Report dated April 2, 2015, Magnolia LNG has integrated its engineering, procurement, construction, and commissioning (“EPCC”) contractors into a single joint venture to provide full EPC services to Magnolia LNG. On May 4, 2015, Magnolia LNG agreed with the joint venture on an updated EPCC contract including a full scope of work. Also on May 4, 2015, Magnolia LNG announced that it has selected Clough-CH-IV to fill the role of “owner’s engineer” to oversee the joint venture’s activities as it moves into the detailed design, construction, commissioning, and start-up of the Magnolia LNG project.

In addition, on May 1, 2015, the U.S. Patent and Trademark Office awarded a patent to Magnolia LNG’s parent company Liquefied Natural Gas Ltd. for the company’s proprietary OSMR® LNG production process. On August 24, 2015, Magnolia LNG entered into two supplier alliance agreements with Siemens Energy Inc. (“Siemens”) and EthosEnergy Group (“EthosEnergy”). Siemens will provide the main OSMR® process compression equipment and drivers for the full four-train LNG project. Separately Magnolia LNG selected EthosEnergy to provide long-term operations and maintenance services throughout the LNG production phase of the project.

Status of Long-Term LNG Offtake Agreements

On July 22, 2015, Magnolia LNG entered into a long-term Liquefaction Tolling Agreement (“LTA”) with Meridian LNG Holdings Corp. (“Meridian”). In compliance with DOE/FE Orders 3245 and 3406, Magnolia LNG submitted a full non-redacted copy of the LTA under seal to DOE on August 21, 2015, as well as a summary of the terms of the LTA. In addition, Meridian registered with DOE as an authorized LNG exporter under DOE/FE Orders 3245 and 3406 on August 21, 2015.

Contract negotiations for other long-term offtake agreements continue to progress. Magnolia LNG will file a copy of any long-term contracts, including long-term supply contracts, within 30 days of execution in accordance with DOE/FE Orders 3245 and 3406.