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**By Electronic Mail**

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**RE: G2 LNG LLC, FE Docket Nos. 15-44-LNG, Order No. 3682, Order Condition J —  
Semi-Annual Progress Report**

To: Office of Oil and Gas Global Security and Supply

Pursuant to paragraph J of Order No. 3682, G2 LNG LLC ("G2 LNG") submits this semi-annual progress report describing the progress of the natural gas liquefaction facilities being developed by G2 LNG in Cameron County, Louisiana ("Project").

On March 19, 2015, G2 LNG filed its application for authorization to export LNG for a 30-year term to any country with which the United States currently has, or in the future will have, a free trade agreement requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy ("Application"). DOE issued Order No. 3682 on July 17, 2015, authorizing G2 LNG to export approximately 672 Bcf/yr of natural gas for a 30-year term, beginning on the earlier of the date of first export or 10 years from the date the authorization is issued (July 17, 2025).

This report constitutes G2 LNG's third semi-annual progress report under Order No. 3682. G2 LNG last submitted a report on April 1, 2016.

**Progress of the Project**

Since filing its previous progress report, G2 LNG has continued to devote substantial efforts and resources to develop the Project in the areas of engineering, supply and marketing, among others. During the last several months, in particular, G2 LNG has been analyzing in particular train sizes and other issues relating to optimizing economies of scale.

In July 2015, G2 LNG submitted its Foreign Trade Zone ("FTZ") application with the FTZ Board. A revised application was submitted in February 2016. The application remains pending.

On December 23, 2015 the Federal Energy Regulatory Commission ("FERC") approved G2 LNG's request to initiate the FERC's National Environmental Policy Act ("NEPA") pre-filing review of the

Project. As part of the pre-filing process, G2 LNG has continued preparing draft environmental resource reports, engaged in stakeholder outreach and conducting necessary surveys of the Project site. G2 LNG held an open house to discuss the project with interested stakeholders, including FERC staff who participated in the open house in order to explain FERC's role in authorizing natural gas facilities, FERC's NEPA responsibilities, and the NEPA environmental review process. The vast majority of feedback received during the open house was positive. G2 LNG team members also met with FERC in Washington D.C. to discuss specific engineering requirements under the draft guidance for Resource Report 13. G2 LNG's monthly status reports to FERC provide additional information about the pre-filing process and are available through FERC's public records under Docket No. PF16-2. The outcome of the engineering and economic analysis relating to train sizes and economies of scale that is described above will be reflected in G2 LNG's future filings at FERC.

G2 LNG has continued to meet and consult with various other state and local agencies involved in the permitting process for the Project, including the Louisiana Department of Natural Resources, Office of Coastal Management, U.S. Coast Guard, Louisiana Department of Wildlife and Fisheries, Louisiana Department of Environmental Quality, U.S. Army Corps of Engineers, and National Oceanic and Atmospheric Administration-Fisheries.

Having renewed its an exclusive and binding five-year Real Estate Lease Option Agreement in February 2016 that grants G2 LNG all rights necessary to fully develop and operate the Project and having obtained rights-of-entry for survey from 97% of the landowners along the source gas pipeline route, real estate has not been a significant area of activity for G2 LNG during the last six months.

#### **The expected date for commencement of operations**

G2 LNG now anticipates that the Project will commence operation during the first half of 2022, following the completion of the FERC and DOE approval processes.

#### **Long-term LNG export arrangements**

G2 LNG principals have continued discussions with potential off-takers in Asia, the Caribbean and Europe. G2 has also been in discussions with developers of proposed gas-fired power plants in Africa. To date, G2 LNG has secured four executed letters of interest with off-takers in its target markets, and it is actively negotiating the terms of eight additional letters of interest. G2 LNG will timely file with the Office of Oil and Gas Security and Supply non-redacted copies of all executed long-term contracts associated with the long-term export of LNG from the Project, in accordance with paragraph D(i) of Order 3682.

#### **Long-term supply arrangements**

There are multiple natural gas pipelines adjacent to the Project site and G2 LNG plans to pursue supply arrangements that leverage this proximity. G2 LNG has continued discussions with a number of natural gas suppliers and transporters, as well as potential upstream gas asset owners. It is G2 LNG's intent to obtain gas through a mix of long-term and spot market agreements, as well as potentially through upstream gas assets. G2 LNG is also continuing to explore opportunities to contract natural gas storage capacity. G2 LNG will timely file with the Office of Oil and Gas Security and Supply non-redacted copies of all executed long-term contracts associated with the long-term supply of natural gas to the Project, in accordance with paragraph D(ii) of Order 3682.

G2 LNG believes that the foregoing summary provides the detail required under paragraph J of Order 3682 regarding the Project status. However, please contact the undersigned if any additional information is needed at this time.

Sincerely,

A handwritten signature in black ink that reads "Mary Anne Sullivan". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

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