

**Hogan  
Lovells**

Hogan Lovells US LLP  
Columbia Square  
555 Thirteenth Street, NW  
Washington, DC 20004  
T +1 202 637 5600  
F +1 202 637 5910  
www.hoganlovells.com

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U.S. Department of Energy  
Office of Fossil Energy  
Office of Oil and Gas Global Security and Supply  
[fergas@hq.doe.gov](mailto:fergas@hq.doe.gov)  
P.O. Box 44375  
Washington, D.C. 20026-4375

**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"). The U.S. Department of Energy ("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 fifth semi-annual progress report under Order No. 3682. G2 LNG last submitted a report on April 17, 2017.

**Overview**

Since filing its previous progress report, G2 LNG has continued to develop the Project. G2 LNG has implemented a strategy to respond to changing market conditions and to accommodate variability in the demand for gas from the Project. In particular, in the last six months, G2 LNG has expanded the concept of the Project to incorporate large-scale LNG exports to serve markets in four countries in Asia and two countries in Europe and has added both a small-scale LNG exports component and a petrochemical manufacturing and export component. In connection with these still-developing plans,

G2 LNG has continued to evaluate process engineering and train configurations in consultation with major vendors who have expressed interest in this Project. G2 LNG has signed heads of terms agreements and is entering serious discussions with multiple entities in Asia, SE Europe, Africa, the Caribbean and Latin America for gas-to-power projects.

### **Regulatory Developments**

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. G2 LNG subsequently advised FERC that it had temporarily put on hold the process of developing draft environmental resource reports while it completed process engineering and train configuration and further developed the scope of its project. By letter dated August 30, 2017, FERC notified G2 LNG that it would not continue to hold open the pre-filing administrative record because G2 LNG had not submitted further environmental reports and was not actively engaged with regulators, which FERC noted is the intent of the pre-filing process. FERC indicated that G2 LNG is welcome to once again request use of the pre-filing process at such point as it is prepared to provide the resource reports and information needed to advance the environmental review of the Project. FERC Docket No. PF16-2 (August 30, 2017). As some of the developments described below indicate, G2 LNG expects to be able to report to DOE’s Office of Oil and Gas Security and Supply in its next semi-annual report that it has resumed the pre-filing process at FERC.

At such time as it resumes the pre-filing process at FERC, G2 LNG expects to also resume its active consultations with 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. G2 LNG believes that the Project has strong local support.

As previously reported, 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.

### **Property Control**

As previously reported, G2 LNG renewed its 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. It also previously reported on the acquisition of a five-year option for an additional 500 acres on the ship channel. This additional parcel will afford it greater flexibility in the development of the Project, including the possible development of petrochemical facilities at the site. G2 LNG envisions no need to acquire any further property for the Project.

### **Long-Term LNG Export Arrangements**

During the last six months, G2 LNG has focused its export contracting efforts on discussions with a number of potential off-takers in Asia, particularly [REDACTED]

[REDACTED] 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

As G2 LNG has previously indicated, there are multiple natural gas pipelines adjacent to the Project site. During the last six months, G2 LNG has continued to develop conditional supply arrangements that leverage this proximity, and it remains 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 any long-term contracts it executes for the long-term supply of natural gas to the Project, in accordance with paragraph D(ii) of Order 3682.

### Financing

In addition to efforts to develop export contracts and appropriate supply arrangements, G2 LNG has been engaged in discussions with potential investors in its Project. [REDACTED]

### Expected Date for Commencement of Operations

Notwithstanding the recent FERC action, G2 LNG continues to project that the Project will commence operations during second half of 2022, following the completion of the FERC and DOE approval processes.

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. At DOE's convenience, G2 LNG would also be pleased to provide a further in-person briefing on the progress of the Project.

Sincerely,



Mary Anne Sullivan  
Hogan Lovells US LLP  
Partner  
maryanne.sullivan@hoganlovells.com  
D (202) 637 3695

