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**By DOE/FE at 11:00 am, Apr 01, 2019**

April 1, 2019

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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  
DOE/FE Order No. 3909, FE Docket No. 13-132-LNG**

To: Office of Natural Gas Regulatory Activities:

Pursuant to Ordering Paragraph I of DOE/FE Order 3245, Ordering Paragraph J of DOE/FE Order No. 3406, and Ordering Paragraph O of DOE/FE Order No. 3909, please accept this progress report for Magnolia LNG LLC ("Magnolia LNG"). This report covers the period from October 1, 2018, through March 31, 2019. Consistent with Ordering Paragraphs I, J, and O, 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 202.778.9178 or [sandra.safro@klgates.com](mailto:sandra.safro@klgates.com).

Very truly yours,



Sandra E Safro  
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Enclosure

Magnolia LNG LLC  
FE Docket Nos. 12-183-LNG, 13-131-LNG, and 13-132-LNG  
DOE/FE Order Nos. 3245, 3406, and 3909  
Semi-Annual Report  
Period Ending March 31, 2019

**Progress of the Proposed Magnolia LNG Export Project in Lake Charles, Louisiana**

As outlined in prior Semi-Annual Reports filed with the Department of Energy, including most recently dated October 1, 2018, Magnolia LNG LLC (“Magnolia LNG”) filed its formal application to site, construct and operate an LNG export facility pursuant to 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 on June 30, 2014, to construct the facilities necessary to deliver natural gas to the Magnolia LNG project.

FERC issued its Order Granting Authorization Under Section 3 of the Natural Gas Act and Granting Certificates approving the Magnolia LNG project and related KMLP pipeline facilities on April 15, 2016 (the “April 15 Order”). Sierra Club requested rehearing of FERC’s order on May 16, 2016. FERC issued an order granting the request for rehearing for the limited purpose of allowing the Commission unlimited additional time to consider the request for rehearing on June 13, 2016. FERC denied this request for rehearing on November 23, 2016.

Magnolia LNG filed a separate application with FERC under Docket Number CP19-19-000 on November 19, 2018, in which Magnolia LNG requested a limited amendment to the April 15 Order to increase the maximum authorized total LNG production capacity to 8.8 million metric tons per annum (“MTPA”). On December 20, 2018, FERC issued an Environmental Assessment Report regarding Magnolia LNG’s application for the production increase, finding that the application does not involve the environment. FERC engineering staff issued data requests to Magnolia LNG on January 9, 2019, and Magnolia LNG provided responses to those data requests on January 29, February 19, and February 28. On March 25, 2019, Magnolia LNG submitted a statement to FERC clarifying that Magnolia LNG is seeking to export up to 8.8 MTPA, roughly equivalent to 1.23 billion cubic feet per day. This application is pending before FERC.

Magnolia LNG submitted an application to the Department of Energy (“DOE”) on December 31, 2018, to amend DOE/FE Order Numbers 3245, 3406, and 3909 to seek a similar increase of the authorized export volume to 8.8 MTPA, or approximately 1.23 billion cubic feet per day. Magnolia LNG’s application is pending before DOE. DOE issued an order on March 21, 2019, authorizing the increased export volumes to free trade agreement nations.

Following the April 15 Order, Magnolia LNG submitted its Implementation Plan to FERC on April 29, 2016. Magnolia LNG requested authorization to begin initial site preparation on May 19, 2016, as supplemented on June 9, 2016, June 30, 2016, July 20, 2016, August 23, 2016, September 27, 2016, October 12, 2016, December 9, 2016, December 28, 2016, January 9,

2017, January 26, 2017, March 8, 2017, and April 27, 2017. FERC authorized Magnolia LNG to commence initial site preparation on May 4, 2017.

Magnolia LNG continues to move forward on the design and engineering of the Magnolia LNG Export Project. As reported in its Semi-Annual Report dated April 4, 2016, Magnolia LNG executed a lump sum turnkey contract for engineering, procurement, and construction services (“EPC Contract”) with a joint venture between KBR and SK E&C (“KSJV”) on November 16, 2015. At this time, the EPC Contract does not change the total 8 million tonne per annum LNG export design capacity or the guaranteed 7.6 million tonne per annum LNG export capacity of the Magnolia LNG Export Project. Magnolia LNG announced on December 20, 2018, that it has agreed with the KSJV to extend the validity period of the signed engineering, procurement, and construction contract price through June 30, 2019.

Current global energy market conditions have extended the time necessary to obtain additional binding LNG offtake agreements required to underpin the construction program. Consequently, Magnolia LNG has not commenced construction on any of its four trains at this time and Magnolia LNG does not plan to commence any construction activities until it achieves a Final Investment Decision.

On June 4, 2018, Magnolia LNG’s ultimate parent company, Liquefied Natural Gas Limited (“LNGL”), entered into a binding subscription agreement for a share placement of fully paid ordinary shares in the capital of LNGL through an investment by IDG Energy Investment. Magnolia LNG notified the Office of Fossil Energy of this transaction on July 26, 2018. On August 23, 2018, the DOE determined that IDG Energy Investment’s investment in LNGL does not constitute a change in control of Magnolia LNG or LNGL.

### **Status of Long-Term LNG Offtake Agreements**

Magnolia LNG and Meridian Holdings Corporation (“Meridian”) executed a long-term offtake agreement on July 22, 2015, and Magnolia LNG filed the agreement with DOE/FE on August 21, 2015. After extending the financial close date of this agreement several times in recent years, Magnolia LNG and Meridian announced on December 21, 2018, that they have mutually agreed not to extend the deadline beyond December 31, 2018. Therefore, the parties have decided to terminate this agreement, opening additional capacity at the Magnolia LNG project to other offtakers.

Marketing of Magnolia LNG capacity with several counterparties and 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, 3406, and 3909.