



**Port Arthur LNG**

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March 29, 2019

U.S. Department of Energy  
Office of Fossil Energy  
Natural Gas Regulatory Activities  
P.O. Box 44375  
Washington, D.C. 20026-4375  
Attention: Ms. Larine Moore, Docket Room FE-34

**Re: Port Arthur LNG, LLC  
DOE/FE Order No. 3698  
FE Docket No. 15-53-LNG  
Semi-Annual Report**

Dear Ms. Moore,

On August 20, 2015, in DOE/FE Order No. 3698, the U.S. Department of Energy, Office of Fossil Energy, granted to Port Arthur LNG, LLC (“Port Arthur LNG”) a long-term, multi-contract authorization to export liquefied natural gas (“LNG”) to nations that have free trade agreements with the United States requiring national treatment in the trade of natural gas. One of the conditions of that authorization is that Port Arthur LNG file semi-annual written reports (on or before April 1 and October 1 of each year) describing the progress of the planned liquefaction facility from which Port Arthur LNG will export LNG (“Liquefaction Project”). Port Arthur LNG hereby submits the semi-annual report covering the period October 1, 2018 through March 31, 2019.

On November 29, 2016, Port Arthur LNG and PALNG Common Facilities Company, LLC (“PCFC”) filed an application at the Federal Energy Regulatory Commission (“FERC”) in Docket No. CP17-20-000 for authorization under Section 3 of the Natural Gas Act (“Application”). In the Application, Port Arthur LNG and PCFC seek authorization from the Federal Energy Regulatory Commission to construct and operate facilities that will enable Port Arthur LNG and PCFC to construct and operate the Liquefaction Project. On January 31, 2019, the FERC issued a Final Environmental Impact Statement associated with the Application. An order from the FERC is currently pending on the Application. Concurrently, Port Arthur LNG continues to engage in discussions with other federal and state agencies regarding the other permits and authorizations necessary to construct and operate the Liquefaction Project.

On December 19, 2018, PALNG entered into a long-term LNG sale and purchase agreement with Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna (“PGNiG”). However, the agreement contains several conditions precedent that are yet to be satisfied, and

thus the obligation for PALNG to supply LNG to PGNiG and for PGNiG to purchase LNG from PALNG under the agreement is not currently legally binding upon the parties. PALNG intends to file the PGNiG LNG sales and purchase agreement when the contract becomes fully binding upon the parties or as otherwise directed by the DOE/FE.<sup>1</sup> In addition, Port Arthur LNG has continued to progress permitting, commercial and marketing activities. Based on the anticipated timing of receipt of necessary authorizations and the current project schedule, Port Arthur LNG estimates that it will begin exports from the project in 2023.

Please contact me with any questions regarding this filing.

Respectfully submitted,

/s/ Jerrod L. Harrison  
Jerrod L. Harrison  
Sempra Infrastructure, LLC  
488 8<sup>th</sup> Avenue  
San Diego, CA 92101  
(619) 696-2987  
jharrison@sempraglobal.com

*On Behalf of Port Arthur LNG, LLC*

cc: Benjamin Nussdorf

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<sup>1</sup> Pursuant to Section 590.202(c) of the Department of Energy's regulations and DOE/FE's conditioning authority under the Natural Gas Act, the DOE/FE has required authorization holders to file "relevant long-term commercial agreements" pursuant to which the authorization holder exports LNG "once those agreements have been executed." However, somewhat less clear is the scope of the "relevant long-term commercial agreements" required to be filed, as well as the timing for filing such agreements. To clarify these matters, DOE/FE has issued a proposed interpretive rule ("PIR") that would clarify, among other things, that an export authorization holder must file relevant agreements associated with the export of LNG, including agreements for the sale and purchase of LNG, within 30 days of the "execution" of such agreements. U.S. Department of Energy, Filing of Contracts and Purchase Agreements Associated With the Export of Natural Gas, Proposed Interpretive Rule, 83 Fed. Reg. 65,111 (Dec. 19, 2018). The PIR further clarifies that a relevant agreement is "executed" when "all parties to a long-term commercial agreement have signed the agreement, regardless of whether conditions precedent have been met, **and that such an agreement is binding upon all parties to the transaction.**" *Id.* n.13 (emphasis added). PALNG notes that on January 18, 2019, it filed comments in the PIR proceeding addressing, among other things, the timing for filing commercial agreements. PALNG will comply with the directive of the DOE/FE arising from that proceeding or otherwise.