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Port Arthur LNG

April 1, 2020

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 Nos. 3698, 4372
FE Docket Nos. 15-53-LNG, 15-96-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 (“DOE/FE”), 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 (“FTA countries”). On May 2, 2019, in DOE/FE Order No. 4372, the DOE/FE granted Port Arthur LNG a long-term, multi-contract authorization to export LNG to Non-FTA countries. One of the conditions of DOE/FE authorizations 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, 2019 through March 31, 2020.

On April 18, 2019, the Federal Energy Regulatory Commission (“FERC”) issued an order granting authorization under sections 3 of the Natural Gas Act authorizing Port Arthur LNG and PALNG Common Facilities Company, LLC (“PCFC”) to site, construct, and operate the Liquefaction Project. On October 30, 2019, Port Arthur LNG and PCFC were granted authorization by delegated letter order from the FERC staff to commence site preparation activity associated with the Liquefaction Project.

On December 19, 2018, Port Arthur LNG 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 Port Arthur LNG to supply LNG to PGNiG and for PGNiG to purchase LNG from Port Arthur LNG under the agreement is not currently legally binding

upon the parties. Port Arthur LNG 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.¹ Further, Port Arthur LNG is engaged in negotiations with Aramco Services Company regarding an LNG sales and purchase agreement for offtake from the facility. Port Arthur LNG has continued to progress permitting, commercial and marketing activities. Subject to further changes based on developments in the present global markets, Port Arthur LNG currently estimates that it could begin exports from the project in 2025.

Please contact me with any questions regarding this filing.

Respectfully submitted,

/s/ Jerrod L. Harrison
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On Behalf of Port Arthur LNG, LLC

cc: Benjamin Nussdorf

¹ 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). Port Arthur LNG notes that on January 18, 2019, its affiliate filed comments in the PIR proceeding addressing, among other things, the timing for filing commercial agreements. Port Arthur LNG will comply with the directive of the DOE/FE arising from that proceeding or otherwise.