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U.S. Department of Energy

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 for the Period Ending September 30, 2020

Pursuant to Ordering Paragraph I of DOE/FE Order 3245, Ordering Paragraph J of DOE/FE Order 3406, and Ordering Paragraph O of DOE/FE Order 3909, below is the semi-annual progress report for Magnolia LNG LLC covering the period April 1, 2019 through September 30, 2020.

Background

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. 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”). FERC denied a request for rehearing on November 23, 2016. FERC authorized Magnolia LNG to commence initial site preparation on May 4, 2017.

Regulatory Status – FERC

Magnolia LNG filed a new 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”). This application was approved by FERC, as described below.

Since the last semi-annual report, the following progress has occurred:

- On April 22, 2020, the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (“PHMSA”) issued a Supplemental Letter of Determination in which PHMSA concluded that Magnolia LNG’s production capacity increase project complies with 49 C.F.R. 193, Subpart B siting requirements.
- On June 18, 2020, FERC granted Magnolia LNG’s application requesting a limited amendment to the April 15 Order to increase the maximum authorized total LNG production capacity to 8.8 MTPA to reflect the facilities’ modified capabilities, subject to certain environmental conditions.
- On September 11, 2020, Magnolia LNG filed a request with FERC for a five-year extension of time to construct and place its facilities into service by April 15, 2026.

Regulatory Status – DOE

Magnolia LNG submitted an application to the Department of Energy 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. DOE issued an order on March 21, 2019, authorizing the increased export volumes to free trade agreement nations. The part of the application seeking authorization to increase exports to non-FTA nations remains pending.

- On June 24, 2020, Magnolia LNG filed a Statement and Notice of Change in Control in its DOE dockets detailing the transaction, described in further detail below, in which Liquefied Natural Gas Limited transferred its membership interests in Magnolia LNG to Magnolia LNG Holdings, LLC.

Commercial Developments

- In May 2020, the senior EPC Contractor KSJV's partner, KBR, advised that they were exiting the lump-sum turnkey LNG EPC business, and consequently would not extend the Magnolia EPC contract upon expiration on June 30, 2020. Magnolia LNG continues to engage with the market to re-establish the contract with another qualified organization.
- On May 26, 2020, Liquefied Natural Gas Limited, a publicly listed Australian company, transferred all of its interest in Magnolia LNG to Magnolia LNG Holdings, LLC ("Magnolia Holdings"), a Delaware limited liability company, for valuable consideration, such that Magnolia Holdings now holds one hundred percent (100%) of the membership interests in Magnolia LNG. Effective as of the closing of the transaction, Magnolia Holdings is the sole owner of Magnolia LNG. Magnolia Holdings is wholly owned by Glenfarne Infrastructure Holdings, LLC, which in turn is wholly owned by Glenfarne Group, LLC, a New York-based developer, owner-operator and industrial manager of energy and infrastructure assets.

Status of Long-Term LNG Offtake Agreements

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.

- Previously Magnolia LNG reported on the execution of a memorandum of understanding ("MOU") with Delta Offshore Energy Pte Ltd ("DeltaOE"). On August 10, 2020, DeltaOE announced that it is not renewing the MOU.
- Magnolia LNG is marketing 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.