



Department of Energy

Washington, DC 20585

October 30, 2023

Via Email

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RE: NFE Altamira FLNG, S. de R.L. de C.V.
Docket No. 22-110-LNG
Request for Clarification of Project Site and Design

Dear Mr. MacDougall, Ms. Tonery, Ms. Johnston, and Mr. Cunningham:

The Department of Energy's (DOE) Office of Fossil Energy and Carbon Management (FECM) is writing to request clarification from NFE Altamira FLNG, S. de R.L. de C.V. (NFE Altamira) regarding its planned floating liquefaction and export terminal project, known as the Altamira FLNG Project (the Project). As set forth below, we ask that NFE Altamira clarify what appear to be contradictory statements concerning the site and design of the Project—specifically, whether the Project will be constructed and operated exclusively offshore of Mexico, or whether the Project has been modified to be a hybrid offshore/onshore facility in Mexico.

Our understanding, based on NFE Altamira's pending export application (Application) filed in September 2022,¹ is that the Project will be located offshore of Mexico. As set forth in the Application, the Project's two liquefaction systems—which will liquefy U.S.-sourced natural gas into liquefied natural gas (LNG) and are referred to as FLNG1 and FLNG2—will be installed “off the coast of Altamira Tamaulipas, Mexico, in the Gulf of Mexico” and connected to a “Floating LNG Storage Unit.”² The Application further states that, “[o]ther than temporary construction

¹ NFE Altamira FLNG, S. de R.L. de C.V., Application for Long-Term, Multi-Contract Authorizations to Export Natural Gas to Mexico and to Re-Export Liquefied Natural Gas from Mexico to Free Trade Agreement and Non-Free Trade Agreement Nations, Docket No. 22-110-LNG (Sept. 9, 2022) [hereinafter NFE Altamira App.].

² *Id.* at 4-5.

staging areas, there are no onshore facilities associated with the Project.”³ NFE Altamira also provided a Project Map as Appendix D to the Application, which depicts the Project offshore of Mexico and which is included hereto as Attachment A.

In March 2023, in DOE/FECM Order No. 4960, DOE granted the free trade agreement (FTA) portion of the Application based on the offshore site and design set forth in the Application.⁴ In particular, Ordering Paragraph A authorizes the requested exports (in relevant part) “by vessel from the proposed New Fortress Energy Altamira FLNG Project ..., to be located off the coast of Altamira Tamaulipas, Mexico, to FTA countries.”⁵

The non-FTA portion of the Application is currently pending. As you are aware, this portion of the proceeding has been very active in the last several months, including NFE Altamira filing a Project Update with DOE on June 20, 2023; and DOE issuing a draft Environmental Assessment (EA) evaluating potential environmental impacts associated with exports of U.S.-sourced LNG from the Project on September 15, 2023. These documents have been based on the Project’s planned offshore site and design.⁶

And on October 23, 2023, NFE Altamira filed “Clarifications and Comments Regarding Draft Environmental Assessment,” which appears to confirm that the Project will be located offshore only:

Clarification/Comment: The assessment on potential impacts on land use, through the Technical Justification Study, applies only to onshore projects. Accordingly, this reference should be removed from the EA.”⁷

NFE Altamira’s semi-annual report filed with DOE on October 2, 2023, also contains statements regarding the Project’s offshore site and design for FLNG1.⁸

Recently, however, we have seen public statements made by NFE Altamira’s parent company, New Fortress Energy Inc. (New Fortress), that seem to indicate that some portion of the Project—specifically, the FLNG2 liquefaction system—may be located onshore in Altamira, Mexico. These include:

³ *Id.* at 7 (emphasis added).

⁴ *NFE Altamira FLNG, S. de R.L. de C.V.*, DOE/FECM Order No. 4960, Docket No. 22-110-LNG, Order Granting Long-Term Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations, at 5-6 (Mar. 3, 2023) (quoting and citing NFE Altamira App.).

⁵ *Id.* at 15-16 (Ordering Para. A) (emphasis added).

⁶ See Documents #9-15, and #17-20 in Docket No. 22-110-LNG, <https://www.energy.gov/fecm/articles/nfe-altamira-flng-s-de-rl-de-cv-fecm-docket-no-22-110-lng>.

⁷ *NFE Altamira FLNG, S. de R.L. de C.V.*, Clarifications and Comments Regarding Draft Environmental Assessment, Docket No. 22-110-LNG, at 2 (Oct. 23, 2023) (emphasis added).

⁸ See *NFE Altamira FLNG, S. de R.L. de C.V.*, Semi-Annual Report (DOE/FECM Order No. 4960), Docket No. 22-110-LNG, at 2 (Oct. 2, 2023) (stating that “[t]he third and final liquefaction rig ... is expected to arrive on location offshore Altamira, Mexico at the start of October”).

- A press release issued by New Fortress on August 8, 2023,⁹ stating that, “In May [2023], [NFE Altamira] signed a non-binding Letter of Intent with CFE [Comisión Federal de Electricidad] to explore installing FLNG 2 and 3 at an underutilized existing onshore terminal in Altamira;”¹⁰ and
- New Fortress’s October 2023 Company Update, filed with the U.S. Securities and Exchange Commission (SEC) as part of its Form 8-K on October 16, 2023, which confirms that FLNG1 will be located offshore but states that “FLNG 2 [is] already under construction & expected to be deployed onshore Altamira.”¹¹

The picture included on the FLNG2 slide of the Company Update, filed with the SEC, shows the FLNG2 liquefaction system located onshore, with the caption “Plan to install 1.4 MTPA liquefaction train on this land.”¹² See Attachment B.

To ensure that DOE has the most updated information concerning NFE Altamira’s Project, DOE is requesting clarification about the Project site and design. We also note that, if the Project site and design have been modified such that FLNG2 will be located onshore in Mexico instead of offshore, NFE Altamira is required under DOE’s regulations to amend the Application and request an amendment of its FTA order, Order No. 4960, to reflect this material change.¹³

Sincerely,

Amy R. Sweeney

Digitally signed by Amy R.
Sweeney
Date: 2023.10.30 17:59:23 -04'00'

Amy R. Sweeney

Director, Office of Regulation, Analysis, and Engagement
Office of Resource Sustainability

⁹ New Fortress Energy, Inc., “New Fortress Energy Announces Second Quarter 2023 Results” (Aug. 8, 2023), <https://ir.newfortressenergy.com/news-releases/news-release-details/new-fortress-energy-announces-second-quarter-2023-results>.

¹⁰ Although the Application requests authorization to export from FLNG1 and FLNG2, NFE Altamira has stated that it is considering an additional liquefaction system, which it refers to as FLNG3. See NFE Altamira App. at 5 n.11.

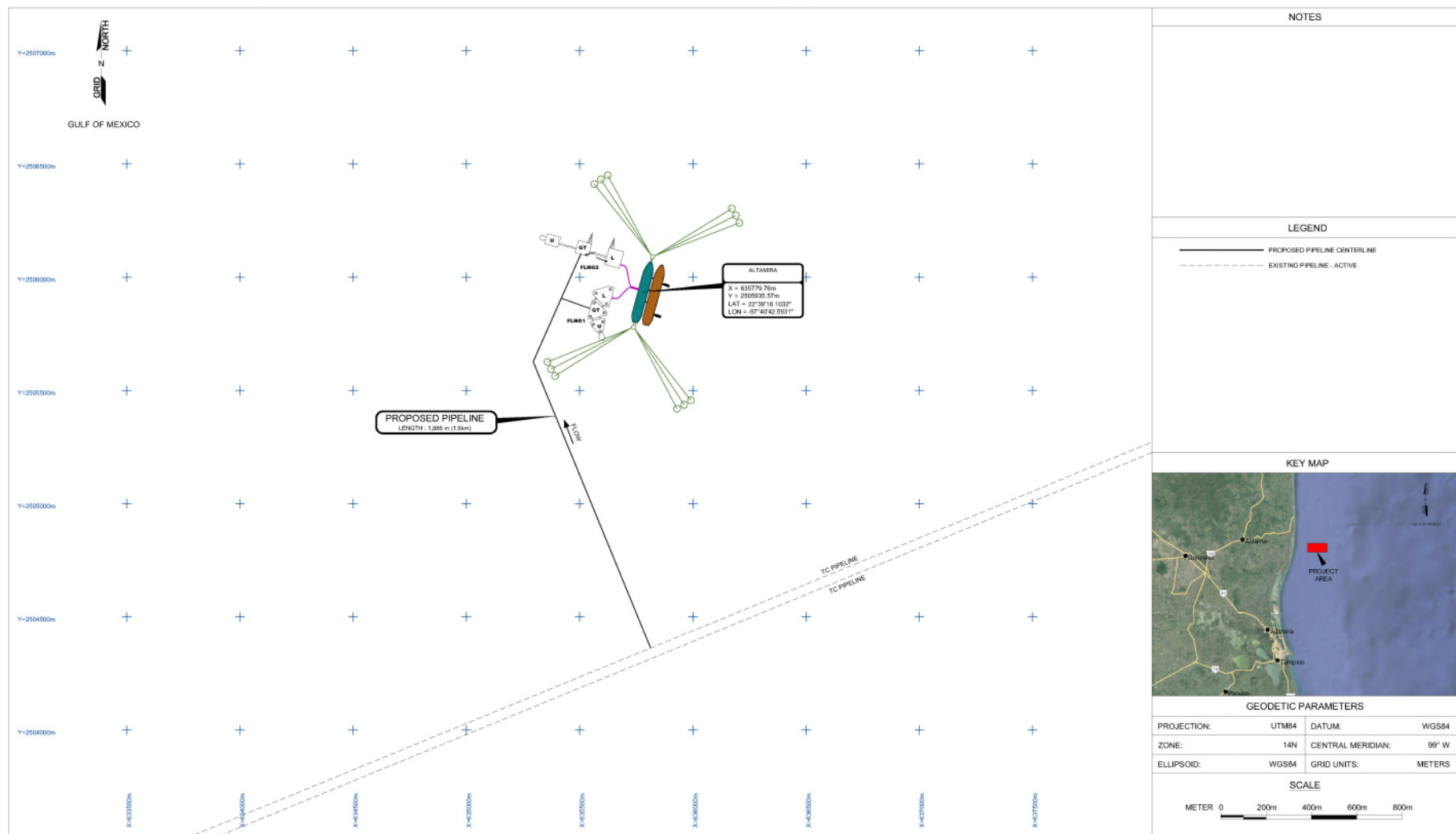
¹¹ New Fortress Energy Inc., SEC Filing (Form 8-K), at 17-18 (Oct. 16, 2023), <https://ir.newfortressenergy.com/static-files/a66cf1d9-6e92-4a18-9379-416cbe58598e> (emphasis added).

¹² SEC Filing (Form 8-K) at 18 (emphasis added).

¹³ See 10 C.F.R. §§ 590.204(a) (“Amendment or withdrawal of applications”), 590.407 (“Reports of changes”).

Attachment

A



Attachment

B

FLNG 2 already under construction & expected to be deployed onshore Altamira

World-class import terminal with nearly 100% expected reliability has everything needed to quickly convert into an export facility

Signed LOI with CFE to develop onshore Altamira site

Total capex⁽¹⁾ **\$900mm**

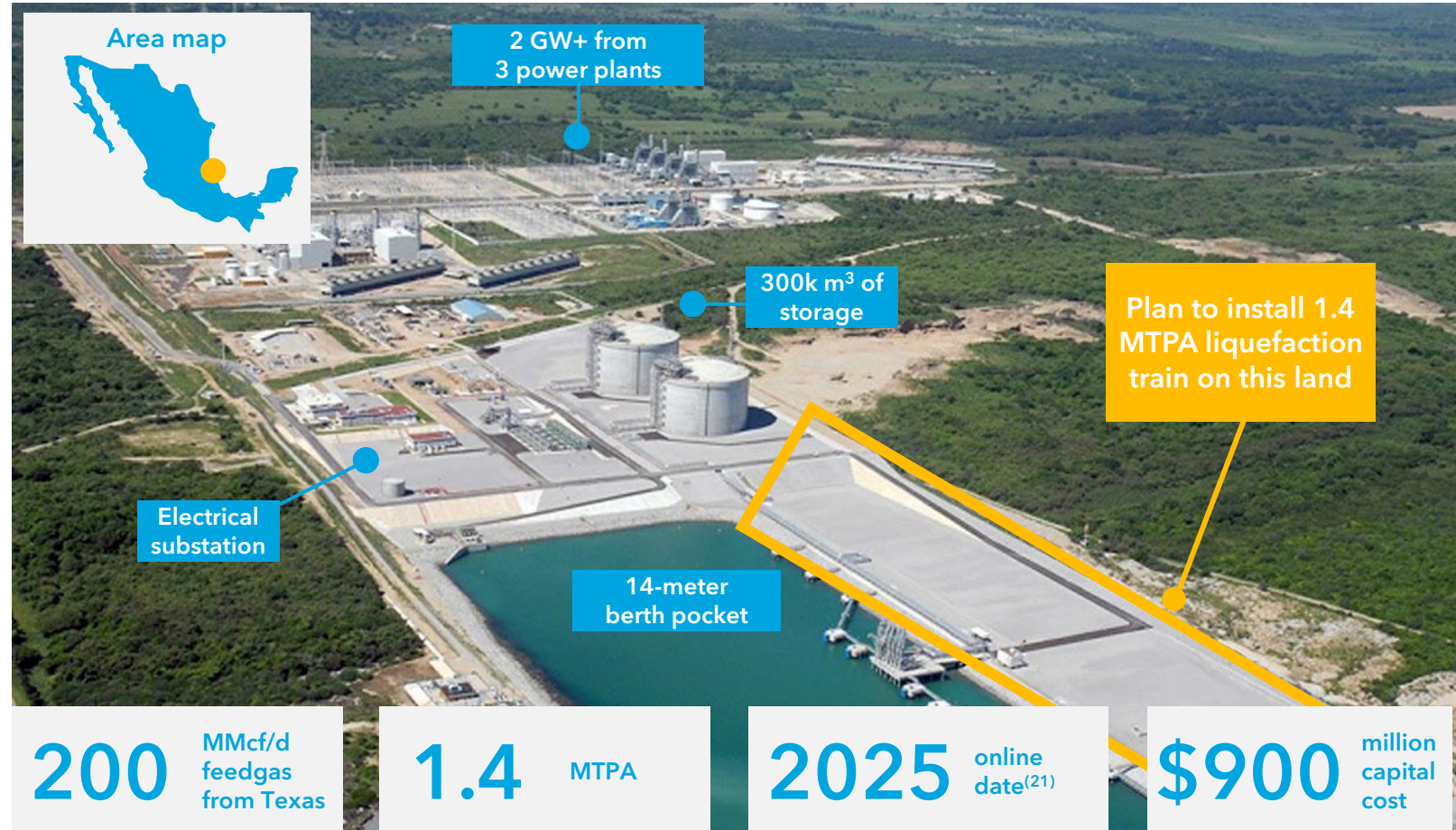
Sources:

Money spent to date \$300mm

Proceeds from planned financings \$400mm+

Free Cash Flow \$200mm

Total Sources \$900mm



Transforming Altamira into an export terminal follows the legacy of Sabine Pass nearly 10 years ago

