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U.S. Department of Energy (FE-34)  
Office of Fossil Energy  
Office of Natural Gas Regulatory Activities  
Attn: Natural Gas Reports  
P.O. Box 44375  
Washington, D.C. 20026-4375

**SEMI-ANNUAL REPORT**  
**April 2014 Report**

Re: Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC  
FE Docket Nos. 12-06-LNG, 10-161-LNG and **11-161-LNG**  
DOE/FE Order Nos. 3066, 3282 and 3357  
Freeport LNG Terminal, Quintana Island, Texas

To: Office of Natural Gas Regulatory Activities

In accordance with the conditions of DOE/FE Order Nos. 3066 (issued February 10, 2012), 3282 (issued May 17, 2013) and 3357 (issued November 15, 2013), Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC (collectively, "FLEX"), do hereby submit this semi-annual report as required by Ordering Paragraphs I, M and M of such Orders, respectively, describing the progress of the proposed liquefaction facility project at the Freeport LNG Terminal on Quintana Island, Texas.

Any questions concerning this filing should be addressed to the undersigned at (979) 415-8720.

Respectfully Submitted,

Freeport LNG Expansion, L.P.  
FLNG Liquefaction, LLC  
FLNG Liquefaction 2, LLC  
FLNG Liquefaction 3, LLC

By: Michael A. Johns  
Its: Director, Regulatory Affairs

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**Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC and FLNG Liquefaction 3, LLC  
FE Docket Nos. 12-06-LNG, 10-161-LNG and 11-161-LNG; DOE/FE Order No. 3066, 3282 and 3357  
Semi-Annual Report: April 2014**

**Facility Progress Report**

On December 23, 2010, Freeport LNG Expansion, L.P., and FLNG Liquefaction, LLC, together with Freeport LNG Development L.P. (“FLNG”) filed a request to commence the Federal Energy Regulatory Commission’s (“Commission”) National Environmental Policy Act (“NEPA”) pre-filing process for natural gas liquefaction and export facilities to be located at and adjacent to the existing FLNG liquefied natural gas import terminal on Quintana Island, Texas (the “Liquefaction Project”). On January 5, 2011, the Director of the Federal Energy Regulatory Commission’s Office of Energy Projects issued a letter order in Docket No. PF11-2-000 granting the December 23, 2010, request. Subsequently, following completion of the pre-filing process, on August 31, 2012, FLEX, FLNG and certain other affiliates filed an application with the Commission in Docket No. CP12-509-000 for authorization under Section 3 of the Natural Gas Act (“NGA”) to site, construct and operate the Liquefaction Project. FLEX will utilize the Liquefaction Project in connection with the export authorization requested in DOE/FE Docket Nos. 10-160-LNG, 10-161-LNG, 11-161-LNG and 12-06-LNG.

Commission review of the Liquefaction Project is ongoing. On January 6, 2014, the Commission issued a Revised Notice of Schedule for Environmental Review identifying June 16, 2014, as the date for Issuance of Notice of Availability of the final Environmental Impact Statement (“FEIS”) for the Liquefaction Project. On March 14, 2014, the Commission released the draft Environmental Impact Statement for the Liquefaction Project. FLEX anticipates that the Commission will issue an Order under NGA Section 3 approving the Liquefaction Project shortly after issuance of the FEIS. FLEX anticipates filing a request with the Commission for authorization to commence construction activities for the Liquefaction Project in the third quarter of 2014, and the Commission granting such request in the late third or early fourth quarter of 2014.

FLEX anticipates an approximately 45-month construction period to complete commissioning and achieve full commercial operations of the initial train of the Liquefaction Project. Each subsequent liquefaction train is anticipated to commence full commercial operation at approximately six-month intervals thereafter. Once in operation, based on conservative assumptions regarding construction contractor design margin and over-build, ambient air temperatures at the liquefaction project site, the quality of feed gas supplying the project and

maintenance down-time, FLEX expects that commercial LNG production available for export from each liquefaction train will be as much as 267 billion cubic feet per year.

### **Status of Long-Term LNG Export Contracts**

FLEX has executed long-term liquefaction tolling agreements with Chubu Electric Power Co., Inc., Osaka Gas Co., Ltd., BP Energy Company, Toshiba Corporation, and SK E&S LNG, LLC under which FLEX will export LNG as agent for those counterparties from the Quintana Island facilities. The required Summary Reports of the major provisions of each of these long-term contracts have been filed with DOE/FE and those Summary Reports have been filed in these dockets, as well as in FLEX docket number 10-160-LNG. On February 7, 2014, DOE/FE issued an Order (DOE/FE Order Nos. 2913-A, 3066-A, and 3282-A) amending applications in Docket Nos. 10-160-LNG, 10-161-LNG, and 12-06-LNG, and granting the request in Docket No. 11-161-LNG, to add FLNG Liquefaction 2, LLC, and FLNG Liquefaction 3, LLC, as applicants and authorization holders. By letters dated February 12, 2014, DOE/FE confirmed that FLEX is permitted to use the authorizations under Order Nos. 2913, 3066, 3282 and 3357 to export LNG as agent for each of the long-term liquefaction tolling agreement counterparties identified above.

### **Status of Long-Term Gas Supply Contracts**

FLEX has not entered into long-term gas supply contracts associated with this project.

### **Date Facility is Expected to Be Operational**

The Freeport liquefaction facilities are expected to commence commercial operations in 2018.