

DELFIN LNG LLC

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By [redacted] email at 3:32 pm, Oct 01, 2014

October 1, 2014

By Electronic Mail

U.S. Department of Energy
Office of Fossil Energy
Office of Oil and Gas Global Security and Supply
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Attention: Delfin LNG, LLC, FE Docket Nos. 13-129-LNG and 13-147-LNG
Order No. 3393, Order Condition J -- Semi-annual progress filing

Dear Sirs:

Delfin LNG LLC ("Delfin") hereby submits this semi-annual progress report in compliance with ordering paragraph J of Order No. 3393 issued in FE Docket No. 13-129-LNG on February 20, 2014. Order No. 3393 authorized Delfin to export domestically produced LNG by marine vessel from its proposed floating liquefaction project to be located in West Cameron Block 167 ("WC 167") of the Gulf of Mexico to countries with which the United States currently has, or in the future will have, a Free-Trade Agreement requiring the national treatment of natural gas. Delfin's application for authorization to export LNG to nations with which the United States does not have such a free trade agreement, but with which trade is not prohibited, is pending in FE Docket No. 13-147-LNG.

a) Progress of the Project:

- As explained in Delfin's applications, Delfin was wholly owned by Fairwood Peninsula LLC, a Delaware limited liability company ("Fairwood Peninsula"), which in turn was owned by FWNR Energy Holdings (USA) Corporation, a Delaware corporation ("Fairwood USA"), and the Peninsula Group. For purposes of further developing and financing Delfin's project, in August 2014 Fairwood Peninsula contributed its ownership of Delfin to Delfin LNG Holdings, Inc., a Delaware corporation ("Delfin Holdings"), which is a wholly-owned subsidiary of Fairwood Peninsula. Thereafter, minority interests in Delfin Holdings were sold to three institutional investors. Each of the three recently added investors contributed equity funding in exchange for a minority, passive ownership stake in Delfin Holdings, and has no power to direct the management or policies of Delfin Holdings or of Delfin itself. Fairwood Peninsula, and indirectly Fairwood USA and the Peninsula Group, continue to retain the remaining ownership interest in Delfin Holdings, and have the sole right to control each of Delfin Holdings and Delfin and to direct their respective management and policies.
- Delfin continues to work with an LNG shipping operator who will provide and manage the Project's floating liquefaction and storage vessels ("FLNGVs"). Delfin has not entered into any definitive agreement in this regard however. If any definitive agreement entered into by

Delfin or its affiliates contemplates that any change in control of Delfin's management or policies will occur, Delfin will file for prior approval of that change in accordance with Ordering Paragraph K of Order No. 3393.

- As explained in Delfin's applications, its affiliate had entered an agreement providing it with the exclusive right to acquire ownership of the UTOS natural gas pipeline system -- an existing 42-inch diameter, 30-mile long natural gas pipeline, extending out to WC 167 from on-shore Cameron Parish, LA, near major interstate pipelines -- which is presently owned by Enbridge Offshore Pipelines (UTOS) LLC ("UTOS"). In August, 2014, Delfin entered into a definitive agreement with Enbridge Offshore (Gas Transmission) L.L.C. ("Enbridge Offshore") to purchase the entire equity interest in UTOS from Enbridge Offshore. The sale of this equity interest is expected to close by the end of 2014. On August 27, 2014, UTOS filed with the Federal Energy Regulatory Commission, in its Docket No. CP11-526 and in accordance with a prior FERC order, an implementation plan for the final disposition of the UTOS pipeline system through the sale of UTOS to Delfin for its intended repurposing of the pipeline for use as part of its Deepwater Port floating liquefaction facility. The FERC approved that implementation plan in a letter order issued on September 17, 2014, and authorized the abandonment by UTOS of its facilities in such manner.
- On May 12, 2014, Delfin met with Staff of the Maritime Administration and the U.S. Coast Guard concerning its planned Deepwater Port application. Delfin has retained experienced environmental consultants, regulatory, technical and legal advisors and is actively working to prepare its Deepwater Port application. Delfin anticipates filing that application in the first quarter of 2015, if not sooner. Delfin also anticipates making a filing with the FERC related to certain on-shore facilities.

b) Date the Project is expected to be operational:

- Delfin continues to anticipate that it may begin operation of its first FLNGV in early 2018 and of the second FLNGV later in 2018. Delfin anticipates that operation of its proposed third and fourth FLNGVs would begin in 2019 and 2021.

c) Status of the long-term contracts associated with the long-term export of LNG and any long-term supply contracts:

- Delfin is negotiating term sheets with a number of potential LNG buyers across a number of different markets -- some of whom intend to transport LNG to countries covered by Delfin's FTA authorization and some of whom will require approval of Delfin's pending non-FTA application as a condition to such LNG sales. Delfin has not yet entered into any binding long-term agreements associated with the export of LNG from its project. Delfin will file all long-term contracts associated with the export of LNG from its facility and with associated gas supply, once executed, in accordance with Ordering Paragraph D of Order No. 3393.

We hope this update provides you with sufficient detail regarding the status of the Delfin project in compliance with Order No. 3393. Please feel free to contact our counsel, Patrick Nevins of Hogan

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Lovells US LLP at (202) 637-6441 or Patrick.Nevins@HoganLovells.com, if you have any questions or require additional information.

Respectfully submitted,



Frederick Jones *J.P.N.*

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On behalf of
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