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

**Re: Magnolia LNG LLC
DOE Semi-Annual Report
DOE/FE Order No. 3245, FE Docket No. 12-183-LNG
DOE/FE Order No. 3406, FE Docket No. 13-131-LNG**

To: Office of Natural Gas Regulatory Activities

Pursuant to Ordering Paragraph I of DOE/FE Order 3245 and Ordering Paragraph J of DOE/FE Order No. 3406, please accept this progress report for Magnolia LNG LLC ("Magnolia LNG"). This report covers the period from October 1, 2014, through March 31, 2015. Consistent with Ordering Paragraphs I and J, respectively, Magnolia LNG will continue to file semi-annual reports with the Department.

Any questions regarding this correspondence may be directed to the undersigned at 202.772.9178 or sandra.safro@klgates.com.

Best regards,

/s/Sandra E. Safro
Sandra E. Safro
Counsel for Magnolia LNG LLC

Enclosure

Magnolia LNG LLC
FE Docket Nos. 12-183-LNG and 13-131-LNG
DOE/FE Order Nos. 3245 and 3406
Semi-Annual Report
Period Ending March 31, 2015

Progress of the Proposed Magnolia LNG Terminal

The regulatory permitting process for the Magnolia LNG Terminal is in progress. As described in its previous Semi-Annual Report dated October 7, 2014, Magnolia LNG LLC (“Magnolia LNG”) filed its formal application under Section 3 of the Natural Gas Act with the Federal Energy Regulatory Commission (“FERC”) on April 30, 2014, after completing the mandatory FERC pre-filing process. Likewise, on June 30, 2014, Kinder Morgan Louisiana Pipeline (“KMLP”) filed its application with FERC to construct the facilities necessary to deliver natural gas to the Magnolia LNG project.

As the lead agency under the National Environmental Policy Act, FERC Staff has engaged with both Magnolia LNG and KMLP to ensure the Commission and cooperating agencies have all the environmental data required to issue decisions on the pending applications. On April 1, 2015, FERC requested additional engineering information regarding the project within 20 days, and Magnolia LNG is working diligently to meet this deadline. Magnolia LNG has submitted timely responses to all previous requests for information issued by FERC. Magnolia LNG remains on schedule to commence commercial operations in 2018.

As described in its Semi-Annual Report filed February 28, 2014, Magnolia LNG signed a binding Precedent Agreement with KMLP for firm natural gas transportation service of up to 1,400,000 dekatherms per day, which is sufficient volume to satisfy the full 8 million tonnes per annum (“mtpa”) capacity of the Magnolia LNG Terminal. On January 28, 2015, Magnolia LNG signed a Gas Pipeline Interconnect Agreement with KMLP that defines the parties’ obligations for the design, procurement, construction, installation, operation, maintenance, and ownership of the pipeline interconnection facilities.

Magnolia LNG also concluded a series of agreements with its engineering, procurement, and construction (“EPC”) contractors, SK E&C USA (“SKEC”, who have been supporting the project through 2014) and Kellogg Brown & Root, LLC (“KBR”, who have now joined with SKEC). In January 2015, Magnolia LNG executed a Memorandum of Understanding (“MOU”) with SKEC and KBR to integrate KBR into the EPC contractor organizational structure. The MOU’s terms describe SKEC and KBR’s plan to create a joint venture to provide full EPC services to Magnolia LNG. In addition to these developments, Magnolia LNG has completed its management team with the following hires:

- Richard Wheeler - Process Technology Manager
- Maury Brandon Hudson - Vice President, Operations and Maintenance
- Mark Englade – Projects Controls Manager
- Kory Cureton – Procurement Manager

Status of Long-Term LNG Offtake Agreements

Contract negotiations for long-term tolling agreements continue to progress. In compliance with Paragraphs D and F of DOE/FE Orders No. 3245 and 3406, Magnolia LNG will file a copy of any long-term contracts, including long-term supply contracts, within 30 days of execution.