



RECEIVED

By DOE/FE at 8:52 am, Oct 01, 2015

September 30, 2015

VIA ELECTRONIC MAIL TO: fergas@hq.doe.gov

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
September 2015 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-C and 3357-B
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-C (issued November 14, 2014) and 3357-B (issued November 14, 2014), 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

Freeport LNG Expansion, L.P.
333 Clay Street, Suite 5050 • Houston, Texas 77002-4173
Phone: 713-980-2888 • Fax: 713-980-2903

**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-C and 3357-B
Semi-Annual Report: September 2015**

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, FLNG and certain of its affiliates filed an application with the Commission in Docket No. CP12-509-000 for authorization under Section 3(a) of the Natural Gas Act to site, construct and operate the Liquefaction Project. FLEX will utilize the Liquefaction Project in connection with the export authorization granted under DOE/FE Order Nos. 2913, 3066, 3282-C and 3357-B.

Commission review of the Liquefaction Project is ongoing. On July 30, 2014, the Commission granted authorization to FLNG and its affiliates to site, construct and operate the Liquefaction Project (the “July 30 Order”). On October 17, 2014, the Commission granted FLNG’s August 22, 2014 request to proceed with the initial site preparation of the Liquefaction and Phase II Modification Projects and authorized FLNG to start construction of the Pretreatment Plant, the Liquefaction Plant, and the Phase II Modification Project with several exceptions. On October 21, 2014, the Commission granted FLNG authorization to proceed with the initial site preparation of its Liquefaction and Phase II Modification Projects and lifted the excepted construction activities in the October 17, 2014 authorization. On November 13, 2014, the Commission issued an Order Denying Rehearing and Clarification on Sierra Club’s and Galveston Baykeeper’s August 29, 2014 jointly filed request for rehearing of the Commission’s July 30, 2014 Order. Initial site preparation activities for the Liquefaction Project were commenced on November 3, 2014 and construction is in progress.

FLEX anticipates the initial liquefaction train of the Liquefaction Project will complete commissioning and achieve full commercial operations in early 2018. The second liquefaction train is anticipated to commence full commercial operation approximately five months after the first train, and the third liquefaction train is expected to commence full commercial operations

approximately six-months 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 downtime, FLEX expects that commercial LNG production available for export from each liquefaction train will be as much as 267 billion cubic feet (“Bcf”) per year. On June 15, 2015, FLNG and its affiliates filed with the Commission an Application for Limited Amendment to the July 30 Order, requesting Commission approval of an increase in the Liquefaction Project’s authorized maximum peak day LNG production capacity of the three-train Liquefaction Project from the approximately 657 Bcf per year reflected in the July 30 Order to approximately 782 Bcf per year. Such request for amendment remains under review by the Commission.

Status of Long-Term LNG Export Contracts

FLEX has executed long-term liquefaction tolling agreements with Chubu US Gas Trading LLC, Osaka Gas Trading and Export, LLC, 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 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 and July 28, 2015, DOE/FE confirmed that FLEX is permitted to use each of the authorizations 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.