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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 report

Dear Sirs & Madams:

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 the Gulf of Mexico (the "Project") 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 its most recent semi-annual report, Delfin's application for all federal authorizations required for a license to own, construct, and operate its planned Deepwater Port for the export of LNG under the Deepwater Port Act of 1974 as amended is pending with the Maritime Administration ("MARAD") and the U.S. Coast Guard ("USCG") in USCG-2015-0472. Delfin's application for a certificate of public convenience and necessity for the related onshore facilities for the Project is pending with the Federal Energy Regulatory Commission ("FERC") in its Docket Nos. CP15-490-000, -001.
- As also explained in its most recent report, Delfin submitted a filing with the MARAD and USCG on September 17, 2015, explaining its intent to amend its pending Deepwater Port application to increase the liquefaction capacity of its proposed four floating liquefied natural gas vessels ("FLNGVs") from a base design capacity of two million metric tonnes per annum (mtpa) each to three mtpa each, and to utilize new-built vessels constructed for this purpose. In response, the USCG suspended the statutory timeline for the processing of the Port Delfin Deepwater Port application.
- On November 19, 2015, Delfin submitted its amended application with the MARAD and USCG. In the amended application, Delfin's four FLNGVs will be designed to produce



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approximately 12 mtpa of LNG for export (approximately 585 Billion standard cubic feet (Bcf) per year), and as much as 13.2 mtpa (or approximately 657.5 Bcf per year). Thus, the total export capacity of the facilities under review by MARAD and USCG is equivalent to the export volumes proposed for export in Delfin's application pending in FE Docket No. 13-147-LNG.

- On December 22, 2015, Delfin received correspondence from the MARAD and USCG explaining that, upon the date of publication of Notice of Receipt of the amended application in the Federal Register, the previous suspension of the statutory timeline for processing the Port Delfin application would be removed and the 240-day statutory timeline would be reset to zero for purposes of processing the amended application. On December 24, 2015, that Notice was published in the Federal Register, along with a request for comments on the amended application by January 19, 2016. The Notice also explained that no additional public scoping meetings (beyond those held in August 2015) would be held.
- Contemporaneous with the November 19, 2015 filing of the amended Deepwater Port application, Delfin also submitted an amendment to its FERC application, to increase the horsepower of its proposed on-shore compression facility sufficiently to allow the transportation of the increased feed gas associated with the proposed larger FLNGVs. FERC issued its Notice of the Amended Application on December 1, 2015, and Notice of its Scoping for Delfin's proposed on-shore facilities on December 29, 2015.
- Also on November 19, 2015, High Island Offshore System, LLC ("HIOS") filed an application with FERC in its Docket No. CP16-20-000, for authorization to abandon FERC jurisdiction associated with a segment of natural gas pipeline extending from the terminus of the former UTOS pipeline system (now owned by Delfin) further off-shore. Delfin has entered into an agreement with HIOS (which was filed in that FERC proceeding) to use the HIOS pipeline for the exclusive purpose (with no other shippers) of transporting natural gas from West Cameron Block (WC) 167 to the location of Delfin's FLNGVs in WC 327 (all as described in detail in Delfin's Deepwater Port application).
- Delfin continues to make progress in its MARAD/USCG and FERC proceedings for the necessary regulatory approvals of its Project. In recent months, Delfin has responded to a series of "data gap" requests from the USCG, as well as Environmental Information Requests from the FERC Staff.
- On March 7, the MARAD and Coast Guard notified Delfin of the suspension of the statutory timeline for the Port Delfin Project, pending the receipt of additional information required for the completion of the Environmental Impact Statement for the Project. MARAD and USCG identified three areas where additional information is needed. Delfin is in the process of providing the necessary information to those agencies.



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**b) Date the Project is expected to be operational:**

- Delfin anticipates that, subject to all necessary regulatory approvals, it will begin operation of its first FLNGV in 2020. Delfin will sequence the start-up of its additional three FLNGVs in accordance with contracted customer demand.

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

- Delfin has not yet entered into any binding contracts with customers for the export of LNG from its Project, but continues to make significant progress in negotiations with potential customers. Delfin will file all long-term, binding contracts associated with the export of LNG from its facility once executed, in accordance with the requirements of DOE/FE 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 Lovells US LLP at (202) 637-6441 or [Patrick.Nevins@HoganLovells.com](mailto:Patrick.Nevins@HoganLovells.com), if you have any questions or require additional information.

Respectfully submitted,

*/s/ Dan Werner* \_\_\_\_\_

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