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**Via Email: fergas@hq.doe.gov**

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 April 1, 2016 through September 30, 2016. 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 202.778.9178 or [sandra.safro@klgates.com](mailto: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 September 30, 2016

**Progress at the Proposed Magnolia LNG Terminal**

The regulatory permitting process for the Magnolia LNG Terminal continues to progress. As outlined in prior Semi-Annual Reports dated April 4, 2016, October 1, 2015, April 2, 2015, and 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 FERC’s mandatory pre-filing process for LNG facilities. Kinder Morgan Louisiana Pipeline LLC (“KMLP”) filed an application with FERC on June 30, 2014 to construct the facilities necessary to deliver natural gas to the Magnolia LNG project.

FERC issued an Order Granting Authorization Under Section 3 of the Natural Gas Act and Granting Certificates approving the Magnolia LNG project and related KMLP pipeline facilities on April 15, 2016 (the “April 15 Order”). Sierra Club requested rehearing of FERC’s order on May 16, 2016. FERC issued an order granting the request for rehearing for the limited purpose of allowing the Commission unlimited additional time to consider the request for rehearing on June 13, 2016. FERC has not taken final action regarding this request for rehearing.

Following the April 15 Order, Magnolia LNG submitted its Implementation Plan to FERC on April 29, 2016. Magnolia LNG requested authorization to begin initial site preparation on May 19, 2016, as supplemented on June 9, 2016, June 30, 2016, July 20, 2016, August 23, 2016, and September 27, 2016. FERC has not authorized Magnolia LNG to commence site preparation at this time.

Magnolia LNG continues to move forward on the design and engineering of the Magnolia LNG Terminal. As reported its Semi-Annual Report dated April 4, 2016, Magnolia LNG executed a lump sum turnkey contract for engineering, procurement, and construction services (“EPC Contract”) with a joint venture between KBR and SKE&C (the “KSJV”) on November 16, 2015. The EPC Contract does not change the total 8 million tonne per annum LNG export design capacity or the guaranteed 7.6 million tonne per annum LNG export capacity of the Magnolia LNG Terminal. Magnolia LNG announced on April 26, 2016, that it has agreed with the KSJV to extend the validity period of the signed engineering, procurement, and construction contract price through December 31, 2016.

**Status of Long-Term LNG Offtake Agreements**

Contract negotiations for other long-term offtake agreements continue to progress. Magnolia LNG will file a copy of any long-term contracts, including long-term supply contracts, within 30 days of execution in accordance with DOE/FE Orders 3245 and 3406.