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October 1, 2019

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
DOE/FE Order No. 3909, FE Docket No. 13-132-LNG

To: Office of Natural Gas Regulatory Activities:

Pursuant to Ordering Paragraph I of DOE/FE Order 3245, Ordering Paragraph J of DOE/FE Order No. 3406, and Ordering Paragraph O of DOE/FE Order No. 3909, please accept this progress report for Magnolia LNG LLC ("Magnolia LNG"). This report covers the period from April 1, 2019, through September 30, 2019. Consistent with Ordering Paragraphs I, J, and O, 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 202.778.9014 or david.wochner@klgates.com.

Very truly yours,



David L. Wochner
Counsel for Magnolia LNG LLC

Enclosure

U.S. Department of Energy
Magnolia LNG LLC
FE Docket Nos. 12-183-LNG, 13-131-LNG, and 13-132-LNG
DOE/FE Order Nos. 3245, 3406, and 3909
Semi-Annual Report for the Period Ending September 30, 2019

Pursuant to Ordering Paragraph I of DOE/FE Order 3245, Ordering Paragraph J of DOE/FE Order 3406, and Ordering Paragraph O of DOE/FE Order 3909, below is the semi-annual progress report for Magnolia LNG LLC covering the period April 1 through September 30, 2019.

Background

Magnolia LNG LLC (“Magnolia LNG”) filed its formal application to site, construct and operate an LNG export facility pursuant to 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. FERC issued its 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”). FERC denied a request for rehearing on November 23, 2016. FERC authorized Magnolia LNG to commence initial site preparation on May 4, 2017.

Regulatory Status – FERC

Magnolia LNG filed a new application with FERC under Docket Number CP19-19-000 on November 19, 2018, in which Magnolia LNG requested a limited amendment to the April 15 Order to increase the maximum authorized total LNG production capacity to 8.8 million metric tons per annum (“MTPA”). This application is pending before FERC.

Since the last semi-annual report, the following progress has occurred:

- On June 7, 2019, FERC issued a Notice of Intent to Prepare a Supplemental Environmental Impact Statement (“SEIS”) to evaluate the production capacity increase.
- On September 27, 2019, FERC staff published a draft SEIS, concluding that “[i]f the Production Capacity Amendment is constructed and operated in accordance with applicable laws and regulations, the mitigation measures discussed in this [SEIS], and our recommendations, the project environmental impacts project would be reduced to less than significant levels.”
- According to the Notice of Schedule of Environmental Review, FERC staff expects to publish its final SEIS on January 24, 2020.

Regulatory Status - DOE

Magnolia LNG submitted an application to the Department of Energy on December 31, 2018, to amend DOE/FE Order Numbers 3245, 3406, and 3909 to seek a similar increase of the authorized export volume to 8.8 MTPA, or approximately 1.23 billion cubic feet per day.

Magnolia LNG's application is pending before DOE. DOE issued an order on March 21, 2019, authorizing the increased export volumes to free trade agreement nations. The part of the application seeking authorization to increase exports to non-FTA nations remains pending.

Commercial Developments

- On May 23, 2019, Magnolia LNG announced that it has received an Industrial Tax Exemption Program incentive from the State of Louisiana. This program offers a tax incentive for manufacturers who commit to jobs and payroll in Louisiana. Magnolia LNG believes that the cost savings from this tax exemption will improve Magnolia LNG's competitiveness in the global LNG market.
- On June 24, 2019, Magnolia LNG updated its lump sum turnkey EPC Contract with KBR and SK E&C ("KSJV") to incorporate the 0.8 MTPA uprate under review by FERC and DOE. The updated EPC Contract with KSJV covers a total installed capacity of 8.8 MTPA and is valid until December 31, 2019.
- On July 22, 2019, the board of directors of Magnolia LNG's parent company, Liquefied Natural Gas Limited ("LNG Ltd."), announced its decision to re-domicile LNG Ltd. to the United States and to list on the NASDAQ Stock Exchange. LNG Ltd. expects to complete this transaction in late 2019 or early 2021, although the timing of completion of this re-domicile process depends on securing regulatory and judicial approvals in the United States and Australia and an affirmative shareholder vote. Following the re-domicile process, each shareholder will retain the same relative stake as the shareholder held prior to the re-domicile.

Status of Long-Term LNG Offtake Agreements

Current global energy market conditions have extended the time necessary to obtain additional binding LNG offtake agreements required to underpin the construction program. Consequently, Magnolia LNG has not commenced construction on any of its four trains at this time and Magnolia LNG does not plan to commence any construction activities until it achieves a Final Investment Decision.

- Magnolia LNG has executed a memorandum of understanding with Delta Offshore Energy Pte Ltd ("DeltaOE"). Magnolia LNG and DeltaOE will use the memorandum of understanding as a basis to negotiate a sale and purchase agreement where DeltaOE will buy two MTPA of LNG from Magnolia LNG for a term of at least 20 years. DeltaOE is developing an LNG import and 3,200-megawatt combined-cycle power plant for the Bac Lieu Provincial Government in Vietnam. Negotiations between Magnolia LNG and DeltaOE are ongoing.

Marketing of Magnolia LNG capacity with several counterparties and 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, 3406, and 3909.