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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

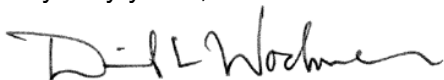
**Re: Magnolia LNG LLC, DOE Semi-Annual Report**  
**DOE/FE Order No. 3245, FE Docket No. 12-183-LNG**  
**DOE/FE Order No. 3406, FE Docket No. 13-131-LNG**  
**DOE/FE Order No. 3909, FE Docket No. 13-132-LNG**

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 October 1, 2019, through March 31, 2020. 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](mailto: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 March 31, 2020

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 October 1, 2019 through March 31, 2020.

## **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 December 26, 2019, the U.S. Department of Transportation’s Pipeline and Hazardous Materials SA (“PHMSA”) issued a Letter of Determination in which PHMSA conditionally concludes that Magnolia LNG’s production capacity increase project complies with 49 C.F.R. 193, Subpart B siting requirements, pending submission of additional information to PHMSA.
- On January 24, 2020, FERC issued the Final Supplemental Environmental Impact Statement (“Final SEIS”) for Magnolia LNG, which concludes that “the proposed modifications, with the additional mitigation measures recommended in the supplemental EIS, would continue to avoid or reduce impacts to less than significant levels.”

## **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 November 25, 2019, LNG Ltd. announced that it extended the validity period of its EPC Contract for Magnolia LNG with KSJV through June 30, 2020.
- On February 28, 2020, Liquefied Natural Gas Limited (“LNG Ltd.”) entered into a Bid Implementation Agreement with LNG9, a Singapore-based private equity group pursuant to which LNG9 will make an offer to acquire all of the issued ordinary shares of Magnolia LNG parent company LNG Ltd. under the terms of an off-market takeover bid. This is the subject of a separate change-in-control filing that LNG Limited will make with DOE upon receipt of the LNG9 bid.

### **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.
- On October 11, 2019, Magnolia LNG and DeltaOE agreed to extend the validity date of their agreed upon non-binding term sheet until July 1, 2020 through an Amended and Restated Memorandum of Understanding. The parties also agreed reach an agreement on terms and conditions of a binding sale and purchase agreement by May 31, 2020.
- On January 23, 2020, counterparty DeltaOE received the Investment Registration Certificate (“IRC”) for their 3,200-megawatt LNG-to-power project in Vietnam’s Bac Lieu Province, the final regulatory approval required for the project.

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.