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March 31, 2021

By Electronic Mail

U.S. Department of Energy
Office of Fossil Energy
Office of Oil and Gas Global Security and Supply
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Washington, D.C. 20026-4375

Attention: Delfin LNG, LLC, FE Docket Nos. 13-129-LNG and 13-147-LNG
Order No. 4028, Order Condition O, and Order No. 3393, Order
Condition J Semi-Annual Progress Report

Dear Members of the Office of Fossil Energy:

Delfin LNG, LLC (“Delfin”) hereby submits this semi-annual progress report in compliance with ordering paragraph O of Order No. 4028 issued in FE Docket No. 13-147-LNG on June 1, 2017, as well as ordering paragraph J of Order No. 3393 issued in FE Docket No. 13-129-LNG on February 20, 2014. Order No. 4028 authorizes 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 does not have a Free-Trade Agreement requiring the national treatment of natural gas (“FTA”). Order No. 3393 authorizes Delfin to export LNG from the Project to countries with which the United States does have, or in the future will have, an FTA.

a) Regulatory Updates:

Delfin sought and, on December 10, 2020, obtained from DOE’s Office of Fossil Energy an extension of its LNG export authorizations to December 31, 2050, consistent with the Statement of Policy DOE issued on July 29, 2020.

On March 19, 2021, Delfin filed a request with DOE’s Office of Fossil Energy to correct and amend the export authorization orders issued to Delfin so as to fully and correctly identify the location of its project. As the result of an inadvertent error, the authorizations identified only one of the six West Cameron Blocks in the Gulf of Mexico where the project will be located. Delfin’s request is pending.

As noted in Delfin’s prior reports, the Executive Director of the Maritime Administration (“MARAD”), acting pursuant to authority delegated by the Secretary of Transportation, authorized the issuance, subject to certain conditions, of a License for the Port Delfin Project under the Deepwater Port Act of 1974 as amended on March 13, 2017. “Secretary’s Decision on the Deepwater Port License Application of Delfin LNG, LLC,” Docket USCG-2015-0472. Delfin continues to work to satisfy the conditions for a License set forth in that Decision. There are ongoing communications with both MARAD and the U.S. Coast Guard on these matters.

As also noted in Delfin’s prior reports, the Federal Energy Regulatory Commission (“FERC”) on September 28, 2017, issued an order that (1) granted Delfin a certificate of public convenience and necessity to construct, operate, and maintain the proposed onshore facilities for the Project and (2) authorized High Island Offshore System, LLC (“HIOS”) authority to abandon FERC-jurisdictional services on its off-shore pipeline facilities and instead use the facilities solely to transport gas for Delfin. *Delfin LNG LLC*, 160 FERC ¶ 61,130 (2017), *reh'g denied*, *High Island Offshore System, LLC*, 163 FERC ¶ 61,040 (2018). Pursuant to a request that Delfin made to FERC, on July 15, 2020, FERC granted Delfin a one-year extension to construct those facilities and make them available for service.

On April 5, 2019, the Louisiana Department of Natural Resources approved an extension of the Coastal Use Permit for Delfin’s deep water port and the associated offshore and onshore facilities. Subject to certain specified conditions, the Coastal Use Permit authorizes the initiation of the approved coastal use for four (4) years from the date of the original permit, which was June 13, 2017. Delfin will engage the Louisiana Department of Natural Resources in the coming weeks to discuss a further extension of the construction start date for this permit.

b) Status of the long-term contracts associated with the long-term export of LNG and long-term supply contracts:

Delfin has had discussions with both onshore pipeline companies and gas producers to evaluate the capacity and commercial terms for the transport of natural gas to Station 44 to supply feed gas to the Project. Delfin is confident it will be able to secure supply agreement(s) once initial offtake agreements are entered into.

As we know DOE appreciates, even before the global coronavirus pandemic, the market environment was making it difficult to conclude offtake agreements. During the early months of the pandemic, the pace slowed even further. Beginning in late 2020, Delfin began to see improvements in the prospects for commercial agreements of LNG export volumes from North America. LNG spot prices have increased significantly and the long-term demand for LNG remains robust. Delfin is now involved in advanced discussions with several potential LNG

offtake customers. Delfin is optimistic that these discussions will progress to firm offtake agreements needed to allow Delfin to make a final investment decision.

Once executed, Delfin will file all long-term, binding contracts for the export of LNG from its facility in accordance with the requirements of DOE/FE Order No. 3393.

c) Status of Project Design and Construction:

In early 2020, Delfin commenced the Newbuild Front End Engineering Design (“FEED”) for the Project’s liquefaction vessels as an additional option to the existing Conversion FLNGV design. The Newbuild FEED work has been executed by Black & Veatch (Kansas City) in cooperation with Samsung Heavy Industries (Korea) and was successfully completed in the second half of 2020. Delfin continues to cooperate with the contractors to further develop design and contracts in preparations for a final investment decision. As noted above, a final investment decision is dependent on executing final offtake contracts, which Delfin anticipates could happen this calendar year.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary Anne Sullivan". The signature is written in a cursive, flowing style.

Mary Anne Sullivan
Counsel for Delfin LNG, LLC