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September 30, 2022

By Electronic Mail

U.S. Department of Energy
Office of Fossil Energy and Carbon Management
Office of Regulation, Analysis, and Engagement
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1000 Independence Avenue, S.W.
Washington, D.C. 20585

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 Staff of the Office of Regulation, Analysis, and Engagement:

Delfin LNG, LLC (“Delfin”) hereby submits this semi-annual progress report in compliance with ordering paragraph O of Order No. 4028 issued by the Department of Energy (“DOE”) 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) Progress of the Project:

As stated in Delfin’s prior semi-annual 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,” in Docket USCG-2015-0472. Delfin continues to work to satisfy the conditions for a License set forth in that Decision. To that end, Delfin has had multiple communications with both MARAD and the U.S. Coast Guard since the submission of Delfin’s last semi-annual report.

As also stated in Delfin's prior reports, the Federal Energy Regulatory Commission ("FERC") on September 28, 2017, issued an order (1) granting Delfin a certificate of public convenience and necessity to construct, operate, and maintain the proposed onshore facilities for the Project and (2) authorizing 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). On April 19, 2018, the FERC denied requests for rehearing of the HIOS-related aspects of that order. *High Island Offshore System, LLC*, 163 FERC ¶ 61,040 (2018).

As further explained in the prior reports, FERC has granted three, successive one-year extensions of the condition of its certificate order related to the timing for construction of Delfin's onshore facilities, with the result that the facilities currently are required to be made available for service by September 28, 2022.¹ On July 15, 2022, Delfin filed with FERC in its Docket No. CP15-490 a request for an additional one-year extension of this timing condition for good cause. As of the date of this report, that extension request remains pending with FERC.

In early 2020, Delfin commenced the Newbuild Front End Engineering and Design ("FEED") for the Project's floating liquefaction vessels ("FLNGV") as an additional option to the pre-existing Conversion FLNGV design. The Newbuild FEED work was executed with Black & Veatch in cooperation with Samsung Heavy Industries of Korea and was successfully completed in the second half of 2020. In 2021, Delfin commissioned its contractors to execute additional optimization and engineering work with the objective of enhancing and advancing the FLNGV design. This work was completed in the first quarter of 2022. Of particular note, the refined design of the FLNGV reduces greenhouse gas emissions. Delfin continues to work with the contractors to further develop the design and negotiate contracts in preparations for a final investment decision ("FID") for the Project.

In February 2022, Delfin submitted an application, which it supplemented on June 29, 2022, to the U.S. Army Corps of Engineers ("Corps") to reauthorize the wetlands and waterbody construction permit (Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act) for Delfin's deep water port and the associated offshore and onshore facilities. The prior authorization was received June 21, 2019 and authorized Delfin's wetland and waterbody construction activities subject to compliance with Corps Nationwide Permit Nos. 8 and 12. The 2022 submission requests that the Corps renew authorization for Delfin's Project on the same terms and conditions as the original permit. On September 20, 2022, the Corps granted the requested reauthorization, determining that the Project is authorized by Nationwide Permit Nos. 8 and 12.

¹ *Delfin LNG LLC*, 178 FERC ¶ 61,031 (2022)(granting the most recent extension). As summarized in that FERC order at P 3, previous one-year extensions of the in-service requirement for Delfin LNG onshore facilities were granted on July 8, 2019, and July 15, 2020.

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

Delfin entered into its first long-term LNG Sale and Purchase Agreement (“SPA”) on July 12, 2022, with Vitol Inc. The Vitol SPA is for 0.5 million metric tonnes per annum (“MTPA”) of LNG delivered free on-board at the Delfin deepwater port, for a 15 year period, and is valued at approximately \$3 billion of revenue over its 15-year term. In accordance with the terms of its export authorizations, Delfin submitted to DOE a full and non-redacted copy of this SPA on a confidential basis, along with public summary of the material terms of the agreement, on August 11, 2022.

On August 9, 2022, Delfin announced the signing of a Heads of Agreement (“HOA”) with Centrica plc (“Centrica”) – a leading international energy services provider and the parent company of British Gas and Bord Gais – to purchase 1.0 MTPA of LNG from the Delfin Deepwater Port for a 15-year term.² Delfin is actively engaged in negotiations to progress the Centrica agreement into a final, binding SPA, which it will file with DOE once executed.

On September 5, 2022, Delfin and Devon Energy Corporation (“Devon”) – a leading oil and gas producer in the U.S. with a premier multi-basin portfolio headlined by a world-class acreage position in the Delaware Basin – announced that they have entered into an LNG export partnership that includes an HOA providing for Devon to contract for long-term liquefaction capacity and to make a strategic investment in Delfin.³ More specifically, the recently executed agreement provides for Devon to contract on a long-term basis for 1.0 MTPA of liquefaction capacity in Delfin first FLNGV, with an option to add an another 1.0 MTPA of liquefaction capacity, as well as the opportunity for future equity investments by Devon in Delfin. Delfin is actively engaged in negotiations with Devon to progress the HOA into a final, binding SPA, which it will file with DOE once executed.

Delfin also is engaged in advanced negotiations with other potential customers for additional LNG offtake. Delfin has not entered into any long-term gas supply contracts. Delfin will submit to DOE all such long-term contracts once executed in accordance with the terms of its export authorizations.

c) Date the Project is expected to be operational:

As a modular project consisting of 4 separate FLNGVs, Delfin requires only 2.0 to 2.5 MTPA of long-term off-take contracts to support a positive FID and begin construction of its first FLNGV. Given its significant commercial progress explained above, Delfin is on schedule to make FID on its first FLNGV by the end of this year. On that timeline, Delfin could begin exporting LNG as soon as late 2026.

² For additional detail, see <https://www.centrica.com/media-centre/news/2022/centrica-signs-lng-heads-of-agreement-with-delfin/>

³ For additional detail, see <https://www.devonenergy.com/news/2022/Delfin-Midstream-and-Devon-Energy-Enter-into-LNG-Export-Partnership>

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We hope this update provides you with sufficient detail regarding the status of the Delfin Project in compliance with Order Nos. 4028 and 3393. Please feel free to contact the undersigned counsel for Delfin if you have any questions or require additional information. Finally, Delfin requests that its undersigned counsel again be designated as one of its two authorized points of contract, replacing Mary Anne Sullivan of Hogan Lovells.

Sincerely,

/s/ J. Patrick Nevins

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*Counsel to
Delfin LNG, LLC*