

RECEIVED

By Docket Room at 2:31 pm, Mar 31, 2023



Orrick, Herrington & Sutcliffe LLP

51 West 52nd Street
New York, NY 10019-6142

+1 212 506 5000

orrick.com

March 31, 2023

U.S. Department of Energy (FE-34)
Office of Regulation, Analysis, and Engagement
Washington, D.C. 20026-4375
via email Fergas@hq.doe.gov

Lisa Toney

E ltonery@orrick.com

D +1 212 506 3710

F +1 212 506 5151

**Re: In the Matter of NFE Altamira FLNG, S. DE R.L. DE C.V.
Docket No. 22-110-LNG
DOE/FECM Order No. 4960
Semi-Annual Report**

To Whom It May Concern:

On March 3, 2023, the U.S. Department of Energy, Office of Fossil Energy and Carbon Management (“DOE/FECM”) issued Altamira FLNG, S. de R.L. de C.V. (“NFE Altamira”) an Order Granting Long-Term Authorization to Export Natural Gas to Mexico and to Other Free Trade Agreement Nations (“Order No. 4960”). Order No. 4960 authorized NFE Altamira to export U.S.-sourced natural gas by pipeline from the United States to Mexico and, after liquefaction in Mexico, to re-export the U.S.-sourced natural gas in the form of liquefied natural gas (“LNG”) by vessel from a floating liquefaction and export terminal proposed by NFE Altamira’s affiliate, Mexico FLNG S. de R.L. de C.V. (“Mexico FLNG”), off the coast of Altamira Tamaulipas, Mexico (“Project”). Condition J of Order No. 4960 requires that NFE Altamira file semi-annual reports (on or before April 1 and October 1 of each year) on the status of the Project. NFE Altamira hereby submits this semi-annual report covering the period October 1, 2022 through March 31, 2023.

(i) Status of Permits Required Under Mexican State and Federal Laws for the Siting, Construction and Operation of the Project and for Re-export of LNG

Both NFE Altamira and Mexico FLNG are actively engaged with the Mexican permitting authorities and are expeditiously moving forward with permitting of the Project. In this regard, Mexico FLNG has commenced construction of the associated natural gas pipeline lateral for which all required permits have been obtained. Mexico FLNG has also obtained its generation permit, and expects to receive imminently the environmental and construction installation permits for the liquefaction terminal itself. NFE Altamira anticipates receipt of its re-export permit from the Mexican authorities by the **beginning of the second quarter of 2023.**



(ii) The Date the Project is Expected to be Operational

The Project is anticipated to commence commissioning activities in June 2023 and to be operational in June or July 2023.

(iii) The Status of Any Associated Long-term Supply and Re-export Contracts

NFE Altamira has recently entered into a long-term gas supply contract, and will file a non-redacted copy of the executed contract under seal, and a summary of all major provisions pursuant to Condition D(ii) of Order No. 4960.

(iv) Additional Information/Project Benefits

As detailed in NFE Altamira's September 9, 2022 application filed with DOE/FECM in the above-captioned docket, the Project and associated exports of U.S.-sourced gas will generate significant public benefits to the United States and its allies. First, the Project equipment is being constructed in Texas, where ongoing construction has resulted in the employment of over 3,000 U.S. workers. To date, NFE Altamira has invested more than four million manhours on the Project in Texas, and expects this number to exceed five million manhours by the time the Project is complete in the second quarter of this year. Once operational, the Project will generate millions of dollars in tax revenues for the United States each year through a variety of activities, including sales of LNG, rents on leases of U.S. equipment such as marine vessels and rigs, and the employment of hundreds of U.S. workers.

Once the pending portion of the Application (for re-exports to non-free trade agreement nations) is approved by DOE/FECM and the Project is placed in service, the LNG produced by the Project can be supplied to regions around the world in need of natural gas. The ongoing international conflict in Ukraine has highlighted the need for the United States to assist its allies globally in reducing their dependence on Russian energy sources, and NFE Altamira's LNG exports will provide a key alternative to our allies in those areas where Russian gas is being displaced. In addition, and consistent with NFE's principal mission to accelerate the world's transition to reliable, affordable, and clean energy, the LNG will be supplied to regions around the world where NFE's operations aim to replace fuel sources that have higher emissions profiles, such as coal and fuel oil, with cleaner sources of energy.

As detailed in the Application, the Project is designed using a modular approach to facilitate liquefaction capacity more quickly, in order to rapidly address the global shortage in available LNG. The Project facilities are in the final stages of construction and will be ready for installation



and start-up within the next few months. NFE's efficient and repeatable construction process substantially reduces the cost and time to build the incremental liquefaction capacity the global energy market so urgently needs. The Project will initially involve the installation of up to two liquefaction systems off the coast of Altamira Tamaulipas, Mexico, in the Gulf of Mexico, each of which can produce 1.4 million metric tons of LNG per year. In the future, these facilities could be repurposed and utilized in a different location, including in waters off the coast of the United States.

Indeed, DOE/FECM itself recognized in two very recent orders authorizing natural gas exports to Mexico for re-export as LNG, that proposed re-exports of LNG to non-FTA nations will improve the liquidity of international natural gas markets and will make a positive contribution to the United States' trade balance, and generate net economic benefits to the broader U.S. economy.¹

Should you have any questions, please contact the undersigned at (212) 506-3710.

Respectfully submitted,

/s/ Lisa M. Tonery

Lisa M. Tonery

Mariah T. Johnston

Jacob I. Cunningham

Attorneys for NFE Altamira, S. DE R.L. DE C.V

¹ See *Energía Costa Azul, S. de R.L. de C.V.*, Order Amending Long-Term Authorization to Re-Export U.S.-Sourced Natural Gas in the Form of Liquefied Natural Gas from Mexico to Non-Free Trade Agreement Nations, DOE/FECM Order No. 4365-B, Docket No. 18-145-LNG (Dec. 20, 2022); *Vista Pacifico LNG, S.A.P.I. de C.V.*, Order Granting Long-Term Authorization to Re-Export U.S.-Sourced Natural Gas in the Form of Liquefied Natural Gas from Mexico to Non-Free Trade Agreement Nations, DOE/FECM Order No. 4929, Docket No. 20-153-LNG (Dec. 20, 2022).