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**LATHAM & WATKINS** LLP

September 29, 2023

**By Electronic Mail**

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Office of Regulation, Analysis, and Engagement  
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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 final License issuance pursuant to that Decision, including the requirement to demonstrate “financial responsibility.” To this end, Delfin has had numerous interactions with MARAD, as well as the U.S. Coast Guard, since the submission of Delfin’s last semi-annual report, and is hopeful that its Deepwater Port License will be issued very soon.

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 a series of one-year extensions of the condition of its certificate order related to the timing for construction of Delfin’s onshore facilities. FERC granted its most recent such extension on November 18, 2022, with the result that the facilities currently are required to be made available for service by September 28, 2023.<sup>1</sup>

On July 21, 2023, Delfin filed with FERC requesting a further four-year extension of this construction timing condition for good cause, such that Delfin LNG’s onshore facilities must be placed in service by September 28, 2027. In that request, Delfin explained the reasons why its Project has been delayed, including the continuing evolution and refinement of FLNGV technology, the impacts of the COVID-19 epidemic, a prior slowdown in market demand for LNG, and complications related to trade with China. Delfin also detailed the significant progress it has made more recently with LNG off-take agreements, financial backing, and engineering and procurement contracting. The extension request remains pending at 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 successfully completed in the second half of 2020. In 2021-22, Delfin commissioned additional optimization and engineering work with the objective of enhancing and advancing the FLNGV design, including a reduction in greenhouse gas emissions. With the FLNGV design now finalized, Delfin has negotiated with a consortium of Samsung Heavy Industries and Black & Veatch the agreement for the Engineering, Procurement, Construction, Integration and Commissioning of the Project’s first FLNGV, which it expects to execute soon. In addition, Delfin is conducting a tender process with suppliers for the Engineering, Procurement and Construction of the FLNGV mooring system.

Given its commercial success and robust LNG market outlook, the Delfin Project is attracting strong interest from investors and financiers. On June 8, 2023, Delfin’s parent company entered into a strategic investment agreement with Mitsui O.S.K. Lines, Ltd. (“MOL,” a global leading shipping company operating about 800 ships across the world, headquartered in Japan). The agreement provides MOL with the opportunity to make additional investments directly in Delfin’s FLNGVs and establishes a framework for MOL to assist in the construction and operation of the vessels.

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<sup>1</sup> *Delfin LNG LLC*, 181 FERC ¶ 61,144 (2022). As summarized in that FERC order at P 4, FERC previously granted three prior one-year extensions of the in-service requirement for Delfin LNG onshore facilities.

More generally, Delfin is engaged in significant negotiations with major infrastructure investors capable of providing all of the equity required for at least its first FLNG. With the guidance of Citigroup as its financial structuring advisor, Delfin also is engaged in discussions with commercial banks for the purposes of raising project finance debt. The banks involved are all familiar with US land-based liquefaction facilities and some are familiar with floating liquefaction projects, and the feedback on Delfin's Project has been positive. The encouraging progress being made on both equity and debt provides Delfin confidence in being able to complete its financing for its first FLNGV by the end of this year.

Finally, Delfin is now in the final stages of preparing a permit application to Region 6 of the Environmental Protection Agency (EPA) for air emissions associated with Delfin's offshore FLNGVs. Completion of the FLNGVs design provides the detailed information needed to complete the air emissions permit application. Delfin and their consultants have been in regular communication with EPA Region 6 air emissions permitting staff to ensure the permit application meets agency guidelines and expectations. Delfin expects to formally file its air emissions application with EPA Region 6 in the coming weeks.

**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. 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.

Delfin entered into its second long-term SPA, with Hartree Partners Power & Gas Company (UK) Limited, on April 21, 2023. The Hartree SPA is for 0.6 MTPA of LNG for a 20-year term. 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 May 18, 2023.

Delfin entered into its third long-term SPA on August 9, 2022, with Centrica LNG Company Limited – a subsidiary of largest energy supplier in the United Kingdom and the owner of British Gas, Scottish Gas, and Bord Gáis (energy supplier in the Republic of Ireland). The Centrica SPA is for 1.0 MTPA of LNG for a 15-year term. 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 July 20, 2023.

Delfin continues to engage in negotiations with Devon Energy Corporation with regard to another LNG off-take agreement, as well as Devon's broader participation in the Project. Based on a previously executed Heads of Agreements and the on-going negotiations, Delfin expects to finalize a binding, long-term tolling agreement with Devon for 1.0 MTPA of LNG soon. Delfin will file that agreement with DOE once it is executed.

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Delfin also is engaged in advanced negotiations with other potential customers – including with its expected equity investor -- for additional LNG offtake and expects to announce LNG offtake agreements in the coming months. In addition, Delfin has been discussing its gas supply strategy with potential equity and debt providers, as well as LNG offtakers and upstream pipelines, in order to be able to implement the most efficient approach. Delfin will submit to DOE all long-term LNG offtake and gas supply 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 to proceed with its first FLNGV. Given its significant commercial progress explained above, Delfin expects to make FID on its first FLNGV and to lay the foundation for subsequent execution of the following FLNGVs by the end of this year. On that timeline, Delfin could begin production of LNG in 2027.

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.

Sincerely,

/s/ J. Patrick Nevins

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