

EPCILON LNG LLC

PROJECT DEVELOPMENT COMPANY

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October 1, 2023

RECEIPT REQUESTED

Via Electronic Filing: fergas@hq.doe.gov

Attn: Ms. Peri Ulrey
Office of Fossil Energy and Carbon Management
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

RECEIVED

By Docket Room at 10/02/2023 8:00 a.m.

Re: *Epsilon LNG LLC*
DOE/FE Order No. 4629
FE Docket No. 20-31-LNG
Semi-Annual Report: October 2023

Dear Ms. Ulrey:

On December 8, 2020, the U.S. Department of Energy, Office of Fossil Energy (“DOE/FE”) issued Order No. 4629 granting Epsilon LNG LCC (“Epsilon”) a long-term authorization to export natural gas to Mexico for liquefaction and re-export such natural gas as liquefied natural gas (“LNG”), from Mexico to nations with which the United States has (“FTA”), and does *not* have (“NFTA”), free trade agreements requiring national treatment in trade of natural gas. The FTA and NFTA authorizations require Epsilon to file semi-annual reports, on or before April 1 and October 1 in each year, describing the following: (1) the status of the project’s LNG facility (“the LNG Facility”), (2) the date the LNG Facility is expected to commence first exports of LNG, (3) the status of the long-term contracts associated with (a) exporting LNG from U.S.-sourced natural gas and (b) any long-term natural gas supply contracts for the LNG Facility. Epsilon hereby submits its semi-annual report covering the period April 1, 2023 through September 30, 2023.

During this period, based on the Cooperation Agreement that was signed with the State of Sonora for a direct land award process for a coastal land located at the industrial area of Guaymas, also known as the Rodolfo Sanchez Taboada Industrial Park, with an estimated usable area of 54 hectares, a new land survey was performed by the State of Sonora to ascertain the boundaries and a federal water survey was performed within the maritime concession provided by the Secretary of Marine (SEMAR), Mexico, to establish the federal water limits and coastal zone usable for the marine facilities of Amigo LNG.

On May 16, 2023, periodic progress assessment meeting was held at the State of Sonora, Governor's office, to evaluate the current progress and follow up on the fast track permitting schedule.

On June 26, 2023, Amigo LNG pre-registered for the OPE (~ Mexico's online regulatory platform token system) with CRE (Comisión Reguladora de Energía) which enables Amigo LNG to file the necessary CRE permits for liquefaction and storage.

On July 19, 2023, a meeting was held with the Secretary of Energy (SENER) office to assess the permitting status and to expedite the permitting process. During this meeting SENER provided guidance on the Mexico export permit process and feedback on the Social Impact Assessment (SIA) report that was filed by Amigo LNG, acknowledging the receipt of the SIA filing which was done on March 15, 2023.

On July 28, 2023, Amigo LNG launched the recruitment campaign for the project execution team in Hermosillo, Sonora, Mexico, using the newspaper El Imparcial and followed up with online hiring campaign to attract local talent in Mexico.

The LNG Facility is expected to begin exporting LNG by November 6, 2026.

The following major project milestones have been completed during the last period:

- (1) Environmental impact assessment (EIA) and environmental risk management (ERM) planning has reached 90% progress, which covers both onshore and marine aspects of the EIA and ERM. No show stoppers or red flags have been reported so far.
- (2) Engineering works for the onshore storage tank and technology selection for the full containment tank type has been completed.
- (3) Civil works engineering as per Mexico's local civil works rules and standards has been completed.
- (4) Shipyard pre-qualification for conversion of LNGC to FSU (Floating Storage Unit) has been performed, where 3 experienced shipyards have been shortlisted, i.e., 2 from SE Asia and 1 from Middle East, based on the track record, HSEQ, and execution capabilities.
- (5) Shipping partner selection process, is currently work in progress and is expected to be completed by December 2023. Technical specifications which will ensure the least emissions have been developed for LNG ships, as part of procurement process for LNG shipping.
- (6) Heads of Agreement for 4.2 MTPA is currently under negotiations with potential offtakers in European Union, Middle East, China, S. Korea, Indonesia and India, with respect to potential long-term agreements to effect the sale and export of LNG, and long-term natural gas supply agreements for the LNG Facility is under discussions with natural gas portfolio suppliers in Texas.
- (7) Potentially an additional 0.3 MTPA offtake is under discussions with domestic buyers in Mexico, for usage in virtual pipelines (LNG transported by ISO containers, LNG trucks) to address the decarbonization needs of the mining industry in Mexico.

If you have any questions or require any additional information, please do not hesitate to contact me at (713) 240-2631 or mc@lngalliance.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Muthu" followed by a stylized flourish.

Muthu Chezian

President for Epsilon LNG LLC