

**EPCILON LNG LLC**

PROJECT DEVELOPMENT COMPANY

7818 ELEMENT AVE PLANO,  
TEXAS 75024-0255, USA  
713.240.2631 / 346.307.4820MUTHU CHEZHIAN  
DIRECT DIAL: 713.240.2631  
EMAIL: MC@LNGALLIANCE.COMUSA  
MEXICO  
SINGAPORE

April 1, 2024

**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 20585Re: *Epsilon LNG LLC*  
*DOE/FE Order No. 4629*  
*FE Docket No. 20-31-LNG*  
*Semi-Annual Report: April 2024*

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 October 1, 2023 through March 31, 2024.

During this period:

- On December 11, 2023, the social impact assessment for liquefaction was submitted to Secretary of Energy (SENER).
- On January 10, 2024, the social impact assessment for storage was submitted to SENER.
- On February 22, 2024, a detailed Memorandum of Understanding (“MOU”) has been signed with the CF Energia for a Gas Supply for a period of fifteen (15) years.

The LNG Facility is expected to begin exporting LNG by January 5, 2027.

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

- (1) Environmental impact assessment (EIA) and environmental risk management (ERM), which covers both onshore and marine (floating) aspects of the EIA and ERM. No showstoppers have been reported. The Change of Land Use (CUS), is ready to be filed in April 2024.
- (2) Front-End Engineering Design (FEED) is progressing, as planned. Train 1 and Train 2 each have individual capacity of 3.9 MTPA (comprising of 3 liquefiers of 1.3 MTPA) and Train 1 and Train 2 has a total combined output of 7.8 MTPA. Current FEED studies are considering the possibility of commencing EPC and operations of both Train 1 and Train 2 concurrently. The integrated FEED envisages a modular liquefaction facility comprising of six liquefiers of 1.3 MTPA design capacity (6 x 1.3 = 7.8 MTPA), with a total peak design production capacity maximum of 7.8 MTPA, while the nominal nameplate export capacity is expected to be around 7.5 MTPA, well within the US DOE export permit authorization.
- (3) The FEED scope entails a maximum storage of 450,000m<sup>3</sup> which is a combination of Floating LNG (FLNG) storage of up to 225,000m<sup>3</sup> by using a Floating Storage Unit (FSU), along with an onshore tank of 225,000m<sup>3</sup>. Based on the seismic risk studies conducted, it was concluded the use of onshore storage tanks can be safely designed for the lifetime of the LNG plant operations, The liquefaction and pre-treatment modules will be onshore and work as integrated system, along with FSU based FLNG facility, which will have dual loading option (from onshore tank or FSU/FLNG) to load to the incoming LNG ships.
- (4) Geotechnical and Geophysical studies are advancing, as planned. A local Mexican geotechnical firm has been selected from within the region, with adequate track record and experience in performing similar scopes.
- (5) Shipping partner selection process has been finalized where a Singapore based Shipping Management Company has been shortlisted for managing the third party LNG fleet.
- (6) Heads of Agreement for 5.5 MTPA is currently under negotiations with potential offtakers in European Union, Middle East, Indonesia and India, with respect to potential long-term agreements to effect the sale and export of LNG. Two other SE Asian countries have recently entered the HOA discussions on a DES basis.
- (7) Long-term natural gas supply agreements for the LNG Facility are under discussions with natural gas portfolio suppliers in Texas for an additional approximate 500 mmscfd to bridge the gap between committed gas supply and the actual gas requirement for 7.5 MTPA export.

- (8) An MOU has been signed with Port of Guaymas, Sonora, for providing LNG as a Bunkering fuel supply for the ships visiting the Port of Guaymas and the north west region of Mexico, to address the decarbonization needs of the shipping 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*