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UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF OIL AND GAS GLOBAL SECURITY AND SUPPLY

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TEXAS LNG BROWNSVILLE LLC ) FE DOCKET NO. 15-62-LNG  
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SEMI-ANNUAL REPORT REGARDING TEXAS LNG TERMINAL  
IN BROWNSVILLE, TEXAS

DOE/FE ORDER NO. 3716

AS OF October 1, 2018

## **BACKGROUND**

On September 24, 2015 by DOE/FE Order No. 3716, Texas LNG Brownsville LLC (Texas LNG Brownsville) was authorized to export by vessel approximately 204.4 Bcf/yr of natural gas in the form of liquefied natural gas (LNG) produced from domestic sources from its proposed Texas LNG Brownsville Terminal at the Port of Brownsville, Texas (the Project) to any country with which the United States currently has, or in the future will have a free trade agreement (FTA), subject to certain conditions. Texas LNG Brownsville is required to file with the Office of Oil and Gas Global Security and Supply, on a semi-annual basis, written reports describing the progress of the proposed Texas LNG Brownsville Terminal.

## **INFORMATION ON THE PROGRESS OF THE TEXAS LNG BROWNSVILLE TERMINAL.**

**General.** During the past six months, there has been progress on the Texas LNG Brownsville Terminal project on a variety of fronts, including financing, engineering, pipeline supply, site analysis, and offtake agreement negotiations.

**Financing.** Texas LNG Brownsville has continued to work with various international and domestic financial advisors to assist in the raising of equity and debt financing for the total capital requirements of the Project and to achieve a Final Investment Decision. Third Point LLC and Texas LNG LLC share ownership of Texas LNG Brownsville LLC, the project development company created to advance the Project.

**Engineering.** Samsung Engineering (Samsung) continues to perform a variety of project engineering work in its Seoul, South Korea and Houston, Texas offices. Front-End Engineering & Design (FEED) commenced in November 2014 with a large, full-time staff of Samsung and Texas LNG Brownsville engineers; FEED was completed in 2Q 2016. To date, over 200,000 Pre-FEED and FEED engineering man hours have been expended.

Texas LNG Brownsville announced, in March 2017, that KBR will join Samsung Engineering in providing the next phases of engineering for the Project, including Pre-FID Detailed Engineering which is expected to begin later this year.

Braemar Engineering continues to provide technical support for FEED and Federal Energy Regulatory Commission (FERC) permitting work. A variety of specialized technical firms have been retained to perform discreet engineering functions. Key technology providers are Air Products (C3MR liquefaction process design), UOP (gas pretreatment), Matrix PDM (LNG storage tank), Gexcon (vapor dispersion studies), Moffatt & Nichol (marine construction), Marin (navigation studies), and Honeywell Technology (integrated main automation contractor).

**Long-term supply arrangements.** Texas LNG Brownsville has been in discussion with several intrastate pipeline companies that are developing pipelines to supply the Brownsville market and Mexico. The objective of the negotiation is a long-term firm pipeline transportation agreement for the full quantity of natural gas required to supply the proposed 4 Million Tonnes per Annum (MTA) Project facilities, which will be in-service on or before the date that Texas LNG Brownsville requires natural gas for the commissioning of the facility.

**Long-term LNG purchase agreements.** Texas LNG Brownsville continues to have productive discussions with a variety of interested customers of natural gas through the facility. In January 2017, Texas LNG announced that it has signed eight non-binding 20-year Term Sheets with state-owned and private LNG buyers in Europe, South East Asia and China for a volume of over 7 million tonnes per annum (“MTA”), significantly more than the required 2 MTA. The number of customers and their diversity is an indication of the attractiveness of the Project.

Negotiations for definitive Liquefaction Tolling Agreements (“LTA”) and Sale Purchase Agreements (“SPA”) are ongoing with these and other potential LNG customers.

**Site Work.** The 625 acre Project site is located along the deep water Brownsville Ship Channel. Site wetland surveys have been completed along with an archeological investigation performed by Natural Resources Group. A Letter of Intent and a Preliminary Waterway Suitability Assessment was submitted to the United States Coast Guard. On February 14, 2018, the United States Coast Guard issued a Letter of Recommendation to FERC confirming the suitability of the Brownsville Ship Channel for Texas LNG's marine traffic as it relates to safety and security. On June 6, 2018, the U.S. Department of Defense issued a letter confirming that the Project will have minimal impact on military training and operations conducted in the area. On June 22, 2018, the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) issued its letter of opinion, in response to a request from FERC regarding the siting of the Project, confirming that Texas LNG's methodology meets its requirements for design spill review. These were all important milestones for the Project.

**FERC Application.** On March 9, 2015, Texas LNG Brownsville filed its request for FERC to commence the pre-filing process and was subsequently assigned Docket No. PF 15-14. On November 4, 2015, Texas LNG Brownsville submitted all thirteen draft Resource Reports to the FERC, a key accomplishment in the mandatory U.S. Government regulatory approval process. On March 31, 2016, Texas LNG Brownsville LLC announced that it filed an application with FERC seeking authorization to site, construct, and operate the proposed Texas LNG export facility in Brownsville, Texas.

On July 8, 2016, FERC presented 34 engineering data requests that Texas LNG responded to on July 28, 2016, within the FERC requested 20-day response period. On August 26, 2016, FERC presented 159 environmental data requests on resource reports 1 through 10 that Texas LNG responded to on September 28, 2016. On September 8, 2016, FERC issued 13 geotechnical related data requests that Texas LNG responded to on September 28, 2016. On March 21, 2017, and July 7,

2017, FERC presented an environmental data request and Texas LNG provided a response. On August 25, 2017, FERC presented an environmental data request and Texas LNG is working on a response. On October 27, 2016, June 23, 2017, and August 2, 2017, FERC issued engineering information requests concerning the location of the SpaceX Boca Chica spaceport and Texas LNG provided responses. On August 21, 2017, the U.S. Army Corps of Engineers issued a data request; the response by Texas LNG was accepted by the U.S. Army Corps of Engineers. On October 2017, December 2017, and March 2018, Texas LNG responded to data request dealing mainly with revised noise and air modeling in revised formats for the modeling inputs and outputs. On January 19, 2018, the EPA sent a letter to FERC stating that it had no comments on the Administrative Draft Environmental Impact Statement. On February 7, 2018, Texas LNG filed information presented to PHMSA on the FERC docket. On February 13, 2018, Texas LNG filed a revised Resource Report 11 describing the change from single containment LNG storage tanks to full containment LNG storage tanks and changes associated with the hazard report submitted to PHMSA. On March 6, 2018, Texas LNG submitted comments from the U.S. Fish and Wildlife Service regarding Texas LNG Biological Assessment. On August 31, 2018, FERC issued the Notice of Schedule for Environmental Review to Texas LNG setting the anticipated dates for issuance of its final Environmental Impact Statement and Federal Authorization Decision Deadline for the Project. The final Environmental Impact Statement will be completed by March 2019, and the Federal Authorization Decision Deadline will be in June 2019.

Texas Commission on Environmental Quality has prepared a draft permit which, if approved, would establish the conditions under which the facility must operate. The executive director of TCEQ has made a preliminary decision to issue the permit because it meets all rules and regulations. TCEQ held a public meeting on October 11, 2016, in Brownsville to receive comments from the public.

**Estimated operations date.** Texas LNG Brownsville is forecasting a commissioning of the Project in 2023, assuming granting of FERC Order in 2019.

Respectfully submitted on behalf of  
Texas LNG Brownsville LLC,

GREENBERG TRAURIG, LLP

A handwritten signature in black ink, appearing to read 'W. S. Garner, Jr.', with a stylized flourish at the end.

William S. Garner, Jr.  
Shareholder  
1000 Louisiana, Suite 1700  
Houston, Texas 77002  
Telephone: (713) 374-3549  
Telecopier: (713) 374-3505  
Email: GarnerW@gtlaw.com