

# U.S. LNG Export Projects Update

## CHENIERE ENERGY

### ■ Company News

Cheniere released its Q1 2017 results on May 04, reporting revenues for the quarter of \$1.211 billion, net income of \$54 million, and consolidated adjusted EBITDA of \$483 million. It also “confirmed” full year 2017 guidance.

### ■ Sabine Pass Liquefaction (Louisiana)

As part of the Q1 report, Cheniere stated that LNG from Sabine Pass was delivered to six new countries during the quarter and thus “LNG cargoes had reached 20 of the 39 LNG importing countries around the world.” In total, 43 cargoes were loaded, and in early April 2017, the 100th cargo milestone was reached. Production and shipment of LNG commissioning cargoes from Train 3 began in January and substantial completion was achieved and operating activities commenced in March. Commissioning activities for Train 4 also began in March. Cheniere is developing a total of six 4.5 mtpa trains at this location in southwestern Louisiana.

### ■ Corpus Christi Liquefaction (Texas)

Cheniere’s latest progress report to the U.S. Federal Energy Regulatory Commission (FERC) was sent on April 21, 2017. In that report, Cheniere indicated that stage one of the Corpus Christi project (Trains 1 and 2) had progressed as follows: engineering (100%), procurement (78.6%), total project (59.1%). In the presentation pursuant to the Q1 results call (May 04), Cheniere indicated that Train 1 should be completed in the first half of 2019 and Train 2 in the second half of that year. The company also noted that Train 3 is “fully permitted.”

## SEMPRA LNG & MIDSTREAM

### ■ Cameron LNG (Louisiana)

Cameron LNG filed its latest progress report with FERC on April 24, 2017, and noted that: “Construction activities continued through the month of March, [including] civil works, structural steel erection, fireproofing work, installation of equipment, tanks and piping, electrical



and instrument works, and tie-in works within the existing [import] facility. Also, welding of pipe-in-pipe continued on the 24-inch liquefaction rundown line. All new workers received HSE training prior to starting work. The project received community feedback twice during this reporting period.” Cameron LNG is developing five trains at this location, three of which have taken FID and are under construction.

### ■ Port Arthur LNG (Texas)

In May, Sempra LNG & Midstream held a series of open house meetings in Louisiana regarding the proposed 135-mile pipeline transporting natural gas to the Port Arthur LNG facility that Sempra and Woodside Petroleum are developing in Port Arthur, Texas. The total cost of the Port Arthur LNG facility and the pipeline is estimated to reach \$8 billion. Sempra’s W. Mark Nelson emphasized the fact that substantial economic benefits will reach the communities that the pipeline passes through.

## TELLURIAN

### ■ Company News

In a release (May 10), Tellurian, Inc. noted significant progress in Q1 2017: (1) issued 23% of its common stock to Total for \$207 million; (2) closed a reverse subsidiary merger with Magellan Petroleum Corp. (and is now listed on NASDAQ); (3) received authorization from the U.S. Department of Energy (DOE) to export LNG to free trade agreement countries; (4) submitted a formal application to FERC for the Driftwood LNG project; and (5) engaged Société Générale as a financial advisor.

### ■ Driftwood LNG

Tellurian stated in the May 10 release (see above) that the timeline for the company's 26 mtpa Driftwood LNG project in Louisiana is as follows: EPC contract (mid-2017); LNG sales and purchase agreements (H1 2018); FERC construction authorization (mid-2018); and project financial close (mid-2018). If that schedule is achieved, the company plans to begin construction in mid-2018 and operations in 2022.

## DELFIN LNG & MIDSTREAM

### ■ Delfin LNG (Offshore Louisiana)

As noted in our last report, Delfin LNG received an order from the U.S. Maritime Administration (MARAD) in mid-March approving (with standard conditions) Delfin's proposed deepwater port and floating liquefaction facility at a location offshore of southwestern Louisiana. With the MARAD approval in-hand, Delfin should be next in line to receive DOE approval to export LNG to non-FTA nations.

## GOLDEN PASS PRODUCTS

### ■ Golden Pass Products (Texas)

Golden Pass Products (GPP) received a non-FTA export authorization from DOE on April 25. This was a notable event for two reasons: (1) this was the first non-FTA authorization issued by the Trump Administration; and (2) the DOE authorization for GPP to export gas to free trade agreement nations was made in Sept. 2012! In issuing the decision, DOE Sec. Rick Perry said: "This announcement is another example of President Trump's leadership in making the United States an energy dominant force. This is not only good for our economy and American jobs but also assists other countries with their energy security." GPP was originally established to import LNG into the United States but two of the import terminal operators—Qatar Petroleum and ExxonMobil—developed plans more than five years ago to add export capabilities to the terminal. GPP could export gas within four to five years post-FID. The project—located on the Sabine-Neches Waterway (Texas-side)—will produce 15.6 mtpa of LNG.

## VERESEN

### ■ Company News

On May 01, Veresen announced that Pembina Pipeline Corp. and Veresen Inc. had entered into an agreement to "create one of the largest energy infrastructure companies in Canada with a pro-forma enterprise value of approximately C\$33 billion." Under the agreement, Pembina will acquire all issued and outstanding shares of Veresen. The transaction is valued at ≈C\$9.7 billion including the assumption of Veresen's debt (including subsidiary debt) and preferred shares. The deal is slated to close in late Q3 or early Q4 2017. With respect to Jordan Cove LNG, Pembina president and CEO Mick Dilger said on a conference call announcing the deal: "We're excited about Jordan Cove." During the call, Veresen president and CEO Don Althoff said: "The combined balance sheet is so much bigger and so much stronger, it really is supportive of projects like Jordan Cove. This was always the project that was a little too big for Veresen, but it isn't too big for the combined entity."

### ■ Jordan Cove LNG (Oregon)

On May 16, the voters of Coos County (Oregon) soundly rejected a ballot measure that could have potentially



### ABOUT US

LNG Allies is a nonprofit organization working to expedite and maximize LNG exports to create U.S. jobs and economic growth, enhance the energy security of America's allies, and improve economic and environmental conditions worldwide.

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jeopardized the project. As this goes to press, not all of the votes have been counted, but about 75% of the voters rejected the initiative. The measure, had it passed, would have banned transport of fossil fuels not intended for local use through Coos County, Jordan Cove LNG has re-entered the FERC pre-filing process and expects to file a formal FERC application later this year. The only LNG export project proposed on the West Coast in the lower 48 states, Jordan Cove plans to utilize natural gas from the Rocky Mountains and Canadian gas to produce some 7 mtpa of LNG.

**OTHER U.S. LNG EXPORT COMPANIES & PROJECTS**

■ **Alaska LNG (Alaska)**

Alaska Gasline Development Corp. announced (Apr. 17) that it had filed an application with FERC for its proposed LNG project, which is comprised of a gas treatment plant located at Prudhoe Bay, an 800-mile pipeline to South central Alaska, and a natural gas liquefaction plant in Nikiski to produce LNG for export.

■ **Magnolia LNG (Louisiana)**

FERC issued a notice (May 04) granting Magnolia LNG permission to commence initial site preparation activities for its LNG project in Lake Charles, Louisiana. However, the notice stipulated that: “This approval does not grant Magnolia LNG the authority to commence construction of project facilities at the LNG terminal. Additional information on the construction procedures and quality assurance quality control measures for the fabrication of the modular liquefaction units will be needed prior to construction of the units.”

■ **NextDecade (Company)**

Privately held NextDecade, LLC and Harmony Merger Corp. announced (Apr. 18) that they have signed a definitive agreement for a business combination transaction which would result in NextDecade becoming a publicly listed company. NextDecade is the sponsor of the proposed 27 mtpa Rio Grande LNG export project located in Brownsville, Texas.

